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ANNUAL REPORT

For the Year 1979



**City of
Rochester, New Hampshire**

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1980

Members of the

Rochester City Government

and

Report of the Affairs

for the Year

1979

Ridings Press, Inc.
Dover, N.H. 03820



MAYOR RICHARD GREEN

**INAUGURAL ADDRESS
MAYOR RICHARD GREEN
JANUARY 2, 1980**

As I took the oath of office today and prepared to assume the responsibilities of the office of Mayor of the City of Rochester, I could not help but reflect that the path to this podium tonight has been a long one. Almost a year ago I made my decision to become a candidate for Mayor of Rochester, but, in a very real sense, the journey began nearly a decade ago when I first decided to run for the Rochester City Council. While many pages in the history of the City of Rochester have been written since I first assumed a seat on the City Council in 1972, the problems that existed then, in large part, still exist. Thus, today Rochester finds itself beset by a multitude of problems, each of which demands attention if Rochester and its citizens are to progress and prosper. It is to the solution of these problems that this administration will dedicate itself.

Throughout the campaign I indicated a number of areas in which I believe action is required in order for the City of Rochester to adequately meet the needs of its citizens. Foremost among these is the area of open government. Fortunately, as I indicated during the campaign, this is the one area in which dramatic changes can and will be effected immediately and without cost to the Rochester taxpayers. During my administration the business of the City will be conducted openly so that you will be able to see how decisions affecting the city are made, and you can determine whether your tax dollars are being spent wisely. Beyond opening up the process of government, in the next two years I pledge to begin the difficult task of dealing with our long-standing sewerage and water problems; of re-establishing a varied and active recreation program; of implementing a program of responsible planning for the future harmonious growth of Rochester; of improving the equipment of and morale within our Police and other City departments; and, most importantly, of bringing order and sound business management to our City and School Department financing.

Solving these problems will not be easy. We must not delude ourselves into the belief that they can be remedied within the next two years, but I promise you that under my administration these problems will not be ignored!

In an effort to streamline the Council and to better prepare it to

deal with the problems facing us, I have restructured the Council's committee system. Under my administration, there will be only five standing committees of the Council. They are Public Health and Safety, Management, Public Works and Facilities, Human Services, and Finance. In addition, because of the special problems facing us in industrial development and downtown revitalization, I propose the creation of two temporary special Council committees that will deal exclusively in those areas. I further propose to increase the involvement of private citizens in city government by appointing citizen's task forces that will examine the questions of senior citizen services, special youth services, industrial development, downtown revitalization, updating city ordinances, and charter revision.

These citizen task forces will work in conjunction with the Mayor and City Council to explore the options available to us in our quest for an improved quality of life for all Rochester's citizens. The problems facing us are big ones, and we must marshal all our resources if we are to deal with them effectively and realistically. By actively involving our elected officials and utilizing the presently untapped resource of our private citizens in the development of programs to combat our various problems, I am confident that we can make substantial progress towards finding solutions which are both practical and consistent with the City's ability to pay.

Considering the magnitude of the problems facing us, this administration must, of necessity, be characterized by cooperation and hard work. Only with cooperation between the Mayor and Council can we have the time that the solution of our problems will demand. If we descend into petty political wrangling, we will sap our limited energies and resources fruitlessly, and the citizens of Rochester will be the losers. I therefore invite each member of the Council to join with me in a pledge to work for the good of the City regardless of political affiliation or personal interests. With cooperation, there is no goal which we cannot achieve; without it, we can accomplish nothing.

While my administration will not seek confrontation, we will not hesitate to deal with controversial issues. What is best for the City of Rochester will be our guidepost, not political expediency or the needs of special interest groups. If the best interests of Rochester require that I take unpopular positions, I am prepared to take them and let the voters be my judge.

For too long Rochester has stood at a crossroads in its history, unsure of which road to take. The time has come to choose a path, and with God's blessing it will be the right one. The journey into the eighties will be a long and sometimes a painful one, but the time has come to begin. Working together we will not lose our way.

RICHARD GREEN
Mayor

CITY GOVERNMENT
As Organized January 1, 1980
MAYOR RICHARD GREEN

COUNCILMEN

Ward One—Paula Morin, James McManus, Jr.
Ward Two—William Fielding, James Burchell
Ward Three—Josephat Laurion, Henry Paradis
Ward Four—Lucien Levesque, Richard Creteau
Ward Five—Charles Gerrish, Kenneth Taylor
At-Large—Charles Hervey, Raymond Watson

STANDING COMMITTEES, 1980

Public Health & Safety: Charles Hervey, Chairman, Raymond Watson, James McManus, Jr.
Public Works & Facilities: Lucien Levesque, Chairman, Charles Gerrish, Josephat Laurion
Human Services: William Fielding, Chairman, Richard Creteau, Kenneth Taylor
Management: James Burchell, Chairman, Henry Paradis, Paula Morin
Finance: Mayor Richard Green, Chairman, James Burchell, Charles Hervey, William Fielding, Lucien Levesque

SPECIAL COMMITTEES, 1980

Industrial Development: Richard Creteau, Chairman, Charles Gerrish, William Fielding
Downtown Revitalization: Josephat Laurion, Chairman, Paula Morin, Charles Hervey

PERSONNEL

City Treasurer & Business Administrator—Rita B. George
City Clerk—Gail M. Varney
City Solicitor—Jerome H. Grossman
Tax Collector—Conrad P. Gagnon
Commissioner of Public Works—Raymond J. Hancock
City Engineer—Paul Clement

Fire Chief—Robert E. Duchesneau
Deputy Fire Chiefs—Harris Twitchell, George Colwell,
 Robert Rioux
Police Chief—Kenneth P. Hussey
Deputy Police Chief—Bradley Loomis
Assessor—Kathy Wallingford
Building Inspector—John Davis
City Planner—Joseph Cyr
City Physician—Dr. Joseph Britton
Health Officer—Victor Hamel
Overseer of Public Welfare—Althea D. Berry
Recreation Director—Marc Bergeron
Librarian—Roberta Ryan
Sealer of Weights and Measures—Norman Labrecque
Supervisor of Maintenance—Zane Chase
Dog Officer—Robert Lemire
Custodian of City Hall—Patricia Mayo
Custodian of East Rochester—Nancy Durand
Custodian of Gonic Hall—Rose Marie Lachapelle
Custodian of Police Station—Richard Cyr

BOARDS AND COMMISSIONS, 1980

Board of Adjustment: Dennis McKinstry, Chairman, Richard Marsh, Thelma Tibbetts, Dwight Raab, James Fraser,
 Ex-officio Member: John Davis
Board of Assessors: Kathy Wallingford, Chairman, Joseph Cyr, Debrah Hadley
Board of Health: Dr. Alexander Smith, Chairman, Dr. Thomas Moon, William Keefe, Dr. Joseph Britton
Licensing Board: Mayor Richard Green, Kenneth Hussey, Robert Duchesneau
Planning Board: Wilbur Boudreau, Chairman, Arthur Nickless, Henry Kirouac, Gary Cassavechia, Winston McCarty, Kenneth Latchaw, Ex-officio Members: Mayor Richard Green, Joseph Cyr, William Fielding
Street Licensing Board: Mayor Richard Green, Kenneth Hussey, Raymond Hancock
Welfare Appeals Board: Ronald P. Indorf, Charles W. Grassie, Jr., Sally A. Emerson
Conservation Commission: Jake Collins, Chairman, Sandra Mallett, Ellis Hatch, Richard Dame, Michael Garzillo, Carolyn Rose, Lawson Stoddard

Police Commission: Edward Flanagan, Chairman, Ronald Lachapelle, Harry Germon
Recreation Commission: Robert Breton, Chairman, Jeanette Nelson, Alfred Benton, Michael Rocheleau, Kenneth Taylor
Trustees of the Public Library: Vernard Elliott, Chairman, Marguerite Hervey, Susan Cormier, Eleanor Roberts, Diane Brennan, Frank Gulinello, Ex-officio Member: Mayor Richard Green
Trustees of the Trust Funds: W. Bradley Corson, Kennett Kendall, Jr., Dr. Gus Hoyt

MAYOR'S TASK FORCES, 1980

City Charter Revision Task Force: Danford Wensley, Chairman, Frank Peyser, Brian Brennan, Frank Gulinello, Daniel Day, Daniel Dirsá, James Burchell, Roland Roberge, Jerome Grossman, Mayor Richard Green
Downtown Revitalization Task Force: Elmer Waitt, Chairman, William Keefe, Richard Kirk, Gerald Janelle, Marcia Nescot, Paul Towle, James Bisbee, Jennifer Silberblatt, Robert Silberblatt, Paul Durgin, Roy Allain, Janet Davis, William Cormier, Steven Wade, Douglas Collins, Chester I Welsh, John McNally, Jr., Jean Kane, Jeanette Nelson, Jon Shannahoff, Josephat Laurion, Paula Morin, Charles Hervey, Wilbur Boudreau, Dennis McKinstry, Freeman Pluff, Paul Clement, Edward Flanagan, Joseph Cyr, Mayor Richard Green
Industrial Development Task Force: Jerold Barcomb, Chairman, Malcolm Ford, Warren McGranahan, Paul Downey, Allen Wilson, Henry Roberts III, Bruce Lindsay, Robert Shone, Linwood Gagnon, Robert Thompson, Anthony Coraine, Gary Dworkin, Robert Gustafson, William Donovan, Jr., Albert Miltner, Richard Kirk, Royal Edgerly, Martin Conroy, Richard Creteau, Charles Gerrish, William Fielding, Joseph Cyr, Raymond Hancock, John Davis, Mayor Richard Green
Senior Citizen's Task Force: Yvette Brock, Chairwoman, Rita Lachance, Elna Perkins, Jane Hervey, Anita Green, Charles Ward, Donna Simmons, Nancy Morneault, William Fielding, Victor Hamel, Marc Bergeron, Peter Hartigan, Jerome MacConnell, Mayor Richard Green

Youth Services Task Force: Alan Reed-Erickson, Chairman, Richard Bergeron, Brad Jordan, Betty Stowell, Leslie Horne, Kenneth Goebel, Brent Diesel, Rev. David Pearson, Edwina Vanderzanden, Anita Baird, Leah Caswell, Robert Solomon, Richard Creteau, Marc Bergeron, Richard Carlson, Mayor Richard Green

ELECTION OFFICIALS, 1980

Ward One—Danford Wensley, Moderator; Frances Garland, Ward Clerk; Angie Cox, Supervisor; Sandra Mallett, Nancy Brown, Alfred Nadeau, Selectmen.

Ward Two—Brian Brennan, Moderator; Betty Pallas, Ward Clerk; Muriel Lincoln, Supervisor; Claribel LaCroix, Morrill Wright, Judith Smith, Selectmen.

Ward Three—Robert Watson, Moderator; James Hatton, Ward Clerk; Cecelia Smith, Supervisor, Sylvia Laferte, Irene Lefebvre, Maurice Lefebvre, Selectmen.

Ward Four—Lorraine Roberge, Moderator; Stephen Proulx, Ward Clerk; Gertrude Brigham, Supervisor; Louise Schofield, Honora Guay, Rachel Lefebvre, Selectmen.

Ward Five—Peter Howland, Moderator; Grace Drapeau, Ward Clerk; Wilfred Cote, Supervisor; John Phillips, E. Marguerite Allen, Ralph Torr, Selectmen.

City Officials—Gail M. Varney, City Clerk; Jerome H. Grossman, City Solicitor; Sandra Keans, Chairman of the Supervisors.

IMPORTANT RESOLUTIONS AND ORDERS

Passed by the City Council 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$22,000.00) Twenty-two thousand dollars be and it hereby is appropriated for the payment of Rebuilding and renewal of the Michigan Payloader said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed January 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$7,500.00) Seventy-five hundred dollars be and it hereby is appropriated for the payment of 3 Copying machines, Accounting, City Clerk's, and Mayor's office said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed January 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$117,000.00) One hundred seventeen thousand dollars be and it hereby is appropriated for the payment of Replacement of Present Computor System with new Machines said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed January 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$3,000.00) Three thousand dollars be and it hereby is appropriated for the payment of Hoppers for Police Jail said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed February 6, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$6,000) Six thousand dollars be and it hereby is appropriated for the payment of Repairs to AC Loader Plus new Transmission said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed February 6, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$20,000) Twenty thousand dollars be and it hereby is appropriated for the payment of Fire Alarm Repairs and Extensions said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed March 6, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$9,305) Nine thousand three hundred and five dollars be and it hereby is appropriated for the

payment of New Catch Basin Cleaner said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed March 6, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$10,800) Ten thousand eight hundred dollars be and it hereby is appropriated for the payment of New Sewer Rodding Machine said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed March 6, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$22,798) Twenty-two thousand seven hundred ninety-eight dollars be and it hereby is appropriated for the payment of Humidifier for high school said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed April 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$3,000) Three thousand dollars be and it hereby is appropriated for the payment of a lens for offset printing machine for the High School said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed April 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed Amount to be determined by bidding be and it hereby is appropriated for the payment of One marked police cruiser said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed April 3, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$24,000) Twenty-four thousand dollars be and it hereby is appropriated for the payment of Bills assessed against the City by the Courts for Board and Care of Delinquent children said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed April 3, 1979

RESOLUTION TO ACCEPT 1979 BUDGET

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT the City Budget for the Fiscal and Calendar Year of 1979 be Accepted as follows:

1. That the sum of \$8,213,241.00 be and is hereby appropriated to defray the expenses of the City of Rochester in accord with the budget here in adopted.
2. That the sum of \$5,603,328.00 plus such overlay as may be necessary is hereby ordered and directed to be raised by taxation in the public and ratable estates within the said city.

Passed May 1, 1979

**RESOLUTION TO ACCEPT AND ALLOCATE \$203,815.00
IN REVENUE SHARING FUNDS FOR 1979**

BE IT RESOLVED BY THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER AS FOLLOWS:

WHEREAS it is in the best interests of the City of Rochester to accept and Allocate \$203,815.00 in Revenue Sharing Funds from the Federal Government through the State of New Hampshire; and

WHEREAS said City of Rochester will conform to all Federal and State laws, rules, and regulations for the proper allocation of said funds.

NOW THEREFORE, BE IT RESOLVED by the undersigned Mayor and a majority of the members of the Rochester City Council that the receipts of said funds shall be allocated as follows:

1. Administration	\$ 20,000.00
2. Fire Department	60,000.00
3. Police Department	60,000.00
4. Public Works Dept. (Maintenance)	63,815.00
	<u>\$203,815.00</u>

Passed May 1, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$11,348.24) Eleven thousand three hundred forty-eight dollars and twenty-four cents be and it hereby is appropriated for the payment of 2 Police Cruisers said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed May 1, 1979

**RESOLUTION AUTHORIZING MAYOR TO
EXECUTE AGREEMENT WITH HUD ELIMINATING
MUNICIPAL LIABILITY FOR BROCK STREET HOUSING**

BE IT RESOLVED BY THE HONORABLE MAYOR AND COUNCIL OF THE CITY OF ROCHESTER:

THAT the Mayor be and is hereby authorized to execute the

Agreement with HUD eliminating any liability by the City for the Brock Street Housing Development.

Passed May 1, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$20,000) Twenty thousand dollars be and it hereby is appropriated for the payment of Extension of Fire Alarm at E.R. and Gonic Fire Stations said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed May 1, 1979

RESOLUTION FOR SEPERATE BALLOT ON REASSESSMENT OF ITS PROPERTY?

HONORABLE MAYOR AND CITY COUNCIL:

BE IT RESOLVED that the following resolution shall be placed upon a separate ballot to be voted on at the primary occurring the 2nd Tuesday in September. The question is: "Shall the City of Rochester have a reassessment of its property?"

Passed May 1, 1979

RESOLUTION TO APPROPRIATE MONEY FOR EXPENSES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT a sum not to exceed (\$1,200.00) Twelve hundred dollars be and it hereby is appropriated for the payment of Typewriters and Adding machines said sum to be raised by the Finance Committee at terms deemed in the best interest of the City of Rochester.

Passed May 1, 1979

RESOLUTION COMMENDING ROCHESTER BABE RUTH LEAGUE

WHEREAS: The Rochester Babe Ruth Baseball League, 13 year old All Star Team has won the District, the State, and the New England Championships.

AND

WHEREAS: This is the first Rochester Youth Athletic Team ever to win a New England Championship.

AND

WHEREAS: The Rochester 13 to 15 year old Babe Ruth All Star Team has won the District and the State Championships.

AND

WHEREAS: The Rochester Babe Ruth League teaches the fundamentals of baseball, good sportsmanship, and competition to the City's Youth, and includes approximately 130 youngsters, their coaches, Manager, and Board of Directors.

AND

WHEREAS: This training helps to build good character and good citizens from among our young people.

NOW THEREFORE BE IT RESOLVED:

THAT the Rochester City Council commends these two teams in particular and the Rochester Babe Ruth League in general for the work that they are doing in building moral character in our youth, and for the recognition that they have brought to our City by their efforts.

Passed September 4, 1979

RESOLUTION FOR AMOUNT TO BE RAISED BY PROPERTY TAXES

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

THAT whereas the income items of the 1979 budget have gone through several changes due to increases in the State allotments and some decreases in the City estimates,

THEREFORE, the total budget approved of \$8,213,241 less income of \$2,695,338.75 will cause the amount to be raised by property taxes to be \$5,517,882.25.

Passed September 4, 1979

ANNUAL REPORT OF THE CITY ASSESSOR

1979

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE
CITY OF ROCHESTER:

ASSESSOR'S INVENTORY

Land-Improved and Unimproved	\$ 13,515,330.00
Buildings	77,355,700.00
Factory Buildings	5,726,010.00
Public Utilities-Gas	500,050.00
Public Utilities-Electric	3,857,750.00
Mobile Homes-941	5,596,460.00

TOTAL VALUATION BEFORE
EXEMPTIONS ALLOWED \$106,551,300.00

Blind Exemptions-17	\$ 85,000.00
Elderly Exemptions-766	4,865,918.00

TOTAL EXEMPTIONS
ALLOWED \$ 4,950,918.00

NET VALUATION ON WHICH
TAX RATE IS COMPUTED \$101,600,382.00

Totally and Permanently Disable Veterans and Widows-36	\$ 25,200.00
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All Other Qualified Veterans-1946	97,300.00
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Property Taxes	\$ 5,201,596.07
Resident Taxes	110,560.00
National Bank Stock	6,699.62

AMOUNT TO BE COMMITTED
TO THE TAX COLLECTOR \$ 5,318,855.69

Rate for 1979-\$52.30

Respectfully submitted,
KATHY WALLINGFORD
Assessor

TO THE HONORABLE MAYOR AND CITY COUNCIL OF ROCHESTER
1979 REPORT: BUILDING INSPECTION DEPARTMENT

BY: JACK DAVIS, B.L.

Month	No.	New Homes	Additions Alteration Garages Breezeway Sheds, etc.		No.	New Business	No.	Business Alteration	Monthly Totals		Misc. Total	
			No.	\$		No.	\$		No.	\$	No.-Type	\$
January	3	\$ 108,000	5	\$ 49,650	4	\$ 140,000	2	\$ 7,000	14	\$ 308,000	2 signs	\$ 3,500
February	5	237,000	5	17,700	8	164,500	1	12,000	20	432,100	1 sign	900
March	6	240,000	12	112,445	7	137,040	3	20,400	35	522,335	4 signs	3,450
April	5	179,000	15	52,618	1	9,500	2	14,000	32	105,818	1 pool	9,000
											4 signs	800
											1 pool	4,200
											3 demo	-
May	11	381,200	18	56,479	4	167,000	4	34,800	50	722,308	4 signs	4,029
											4 pools	25,000
											4 Mo Ho	53,800
June	8	276,220	31	117,938	1	40,000	2	33,000	48	489,448	2 fence	700
						*(Church alter.)					3 pools	16,090
											1 Mo Ho	5,500
July	9	312,880	33	98,935	1	180,000	2	7,000	53	631,307	3 signs	3,317
										(1 fence 450)	3 pools	18,725
											1 Mo Ho	10,000
August	8 4MF	257,000 390,000	23	68,025	2	58,000	-	-	41	817,125	1 sign	100
											3 Mo Ho	44,000
September	6	173,000	17	83,800	1	13,500	-	-	29	287,375	2 signs	1,275
											2 fences	1,800
October	5	195,500	20	54,905	1	500,000	1	4,000	30	816,690	1 Mo Ho	14,000
											3 Mo Ho	62,285
November	5	163,000	10	28,380	-	-	3	21,300	20	226,830	1 sign	1,000
											1 Mo Ho	13,150
December	5	136,000	10	46,100	1	10,000	-	-	18	198,100	1 sign	1,000
TOTAL	80	\$3,048,800	199	\$786,975	31	\$1,419,540	20	\$153,500	390	\$5,557,436	1 Mo Ho	5,000
												\$302,621

REPORT OF THE CITY CLERK

Year Ending December 31, 1979

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE
CITY OF ROCHESTER, NEW HAMPSHIRE:

Issued 1,251 Dog Licenses and 12 Kennel Licenses.

Recorded Vital Statistics for 558 Births, 203 Marriages and 283
Deaths.

Recorded and Processed 596 Uniform Commercial Code forms.

Supervised elections for the City.

Recorded votes and proceedings of the City Council.

Issued Miscellaneous Licenses: Marriage, Food, Taxi, Junk,
Theatre, Pool.

Recorded Tax Liens, Building Permits, Pole Licenses, Deeds of
the City.

Issued Permits for registrations of automobiles, trucks, trailers
and motorcycles.

Respectfully submitted,
MARILYN C. MEATTY
City Clerk

REPORT OF CLERK OF THE ROCHESTER DISTRICT COURT

1978

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE
CITY OF ROCHESTER, NEW HAMPSHIRE:

Gentlemen: I hereby submit a statement of the condition of
finances of the Rochester District Court as of December 31,
1979:

RECEIPTS

Cash on Hand January 1, 1979	\$ 50.00
Balance in checking account January 1, 1979	36.43
Received in fines, forfeited bail and penalty assessments	106,107.50
Interest from Bank	104.06
TOTAL	\$106,297.99

DISBURSEMENTS

Paid City Treasurer	\$ 39,800.00
Paid N.H. Dept. of Safety	44,866.12
Paid N.H. Fish & Game Dept.	412.00
Paid for Breathalyzer Test & Blood Test	129.00
Paid Special Justices	450.00
Clerk's Bond	80.00
Paid for Witness fees	3,011.58
Printing supplies & stenographic hire	3,059.36
Paid out for telephone & postage	1,264.04
Probation officer expenses	54.07
Travel, conferences, & dues (of Judges & Clerk)	1,334.08
Court Officer	1,956.00
Penalty Assessment Paid to State Treasurer	9,549.50
Bail Return	100.00
Cash on hand December 31, 1979	50.00
Balance in checking account December 31, 1978	182.24
TOTAL	\$106,297.99

SPECIAL ACCOUNTS

RECEIPTS

Balance in checking account Jan. 1, 1979	\$ 6,467.85
Bail received for District Court	53,335.00
Bail received for Superior Court	1,600.00
Appeal fees received for Superior Court	16.00
Sale of writs and executions	1,236.77
Small Claims collected	2,399.35
Amounts collected for restitution & others	4,550.89
Peace Bonds	100.00
Received on Account of Court orders	5,488.60
Received for Judicial Council	200.00
Received Interest from Bank	390.30
TOTAL	<u>\$75,784.76</u>

DISBURSEMENTS

Bail returned for District Court	\$48,320.00
Bail sent to Superior Court	1,600.00
Appeal fees sent to Superior Court	16.00
Paid city for writs and executions	1,118.74
Paid city for Small Claims	1,482.35
Paid U.S. Postmaster for writs mailing	118.03
Paid U.S. Postmaster for small claims	917.00
Paid for restitution and others	4,550.89
Returned Peace bonds	100.00
Paid out from funds received on Court orders	5,745.10
Paid to Judicial Council	200.00
Paid Bank for check book	20.50
Paid City Bank Interest	390.30
Balance in checking accounts Dec. 31, 1979	<u>11,205.85</u>
TOTAL	<u>\$75,784.76</u>

TOTAL PAID CITY TREASURER FROM THE DISTRICT COURT

Criminal cases and motor vehicle	\$39,800.00
Small Claims	1,482.35
Writs and executions	1,118.74
Bank interest	390.30
TOTAL	<u>\$42,791.39</u>

DISTRICT COURT OF ROCHESTER
FOR THE YEAR ENDING
December 31, 1979

I.	Criminal cases	
1.	Complaints entered during year	4,520
	A. City and Town police	2,089
	B. State Police	1,711
	TOTAL	4,520
2.	Complaints disposed of during year	
	A. Motor Vehicle violations	2,586
	B. Other violations	221
	C. Misdemeanors	1,615
	D. Felonies	98
	TOTAL	4,520
II.	Criminal cases divided into principal classes according to kind of disposition	
1.	Cases respondent pleaded not guilty	254
2.	Cases respondent found not guilty	59
3.	Cases Nol Prossed	107
4.	Cases Appealed to Superior Court	66
III.	Juvenile cases	
1.	Total Number of Juvenile Hearings including new petitions	481
	A. Cases of Neglected children	68
	B. Cases of delinquent children	404
	C. Cases of persons in need of supervision	9
IV.	Small Claims Cases	
1.	Small Claims pending Dec. 31, 1979	0
2.	Small Claims entered during year	658
3.	Small Claims disposed during year	
	A. Small Claims in which judgment entered after hearing	77
	B. Small Claims in which judgment entered after default	388
	C. Small Claims settled or otherwise disposed	193

V. Civil Cases			
1.	Cases pending Dec. 31, 1979		0
2.	Cases entered during year		203
	Total civil cases for year		203
VI. Civil cases divided into principal classes			
1.	Cases for damages to person and/or property		18
2.	Cases founded on contracts		154
3.	Cases of landlords & Tenants		31
4.	Cases in which judgment entered after hearing		79
VII. Total cases in the Rochester District Court heard for the year of 1979			
1.	Criminal cases	4,520	
2.	Juvenile cases	481	
3.	Small Claims	658	
4.	Civil cases	203	
	Total cases for year	5,862	
VIII. Court Sessions for the year 1979			
	Richard F. Cooper	Robert A. Carignan	Special Justices
Juvenile	72	3	
Criminal	95	48	6
Civil	5	40	3
	<hr/> 172	<hr/> 91	<hr/> 9

Respectfully submitted,
ERNEST J. LEVESQUE
Clerk

This is to certify that I have examined the accounts for Ernest J. Levesque, Clerk of the Rochester District Court for the year ending December 31, 1979, and I find them as set forth in the above statement with all payments to the Treasurer and otherwise properly receipted for together with a balance in the "Regular account" of \$50.00 in cash and "checking account" balance of \$182.24. For the "special account" there is a checking account balance of \$11,205.85. This "special account" consists of bail money and similar escrow accounts.

Respectfully submitted,
RICHARD F. COOPER
Justice

ROCHESTER FIRE DEPARTMENT ANNUAL REPORT FOR 1979

TO THE HONORABLE MAYOR AND MEMBERS OF THE CITY
COUNCIL OF THE CITY OF ROCHESTER, NEW HAMPSHIRE:

Gentlemen: I herewith submit the Annual Report for the year
ending on December 31, 1979.

There were a total of 754 alarms in the City of Rochester in
1979, which consists of the following: Box Alarms 62, Still Alarms
591, East Rochester Alarms 36, Gonic Alarms 65.

These include: motor vehicle fires 41, accident responses 37,
chimney fires 40, electrical fires and hazards 66, industrial fires
12, mercantile fires 23, residential fires 43, woodstove fires 19,
fireplace fires 2, gas washdowns 47, Code 25's 20, honest
mistakes (false alarms) 45, malicious false alarms 42, mutual aid
responses 6, mutual aid calls 8, brush and grass fires 48, brush
and grass fires burning without a permit 10, bomb threats 16,
hurst tool responses 17, miscellaneous calls 212.

Below are the figures reported on Buildings and Contents in-
volved in fires for 1979:

Estimated Value of Buildings	\$1,078,489.00
Estimated Insurance on Same	915,200.00
Estimated Loss Reported	115,843.68
Insurance Paid on Same	39,913.68
Estimated Value of Contents	308,635.00
Estimated Insurance on Same	296,100.00
Estimated Loss on Same Reported	51,871.25
Insurance Paid on Same	42,275.59

At this time, I wish to express my appreciation to his Honor,
the Mayor, and members of the City Council, the Committee of
the Fire Department, the Board of Engineers, all members of the
Rochester Fire Department, and to all other persons who have
rendered us assistance throughout the year of 1979.

Respectfully submitted,
ROBERT E. DUCHESNEAU
Fire Chief

**REPORT OF THE LIBRARIAN
of the
ROCHESTER PUBLIC LIBRARY
for 1979**

TO THE HONORABLE MAYOR, CITY COUNCIL AND BOARD OF
TRUSTEES OF THE ROCHESTER PUBLIC LIBRARY:

The public library is frequently acclaimed as America's greatest bargain. Because it strives to reach the goal of service to people of all ages and all walks of life with intellectual and cultural advantages, with recreational and educational resources, the library, in most instances, provides great value and a high return on investment.

The Rochester Public Library shares this common goal of valuable service. In 1979 for example over a thousand books and other materials were taken to shut-ins, nursing homes, and other institutions as part of the Outreach Program. Meeting rooms were made available for non profit groups to gather and for library-sponsored programming, providing over twenty-three hundred people with meeting places.

Programs were offered to adults on crafts, hobbies, investments, physical fitness, and energy. For children similar kinds of opportunities were available. A selected group of preschool children participating in the second annual RIF (Reading Is Fundamental) program received books for personal ownership and were introduced to the library and a life of reading.

Basic library services of loaning books, periodicals, art prints, recordings, and films continued, and a primary objective of serving as a center for information became increasingly patronized. Over a thousand questions were counted as being responded to, and in addition many uncounted queries were absorbed into a day's activities.

Sincere appreciation is extended to the fine library staff, the trustees, the mayor and city council. The consistent support of these people, the Friends of the Library, the local media, and the many patrons who contribute so much more than checking out a book to the spirit of the library, is the basis of the bargain we hope to provide.

Respectfully submitted,
MRS. ROBERTA RYAN
Librarian

STAFF

Librarian

Roberta Ryan

Serials & Reference Librarian

Charlene Leonard 35 Hours

Circulation & Reference Librarian

Patricia Haendler/Karen Lambert 32/30

Circulation & Reference Librarian

Patricia Roesse 30

Acquisitions Librarian

Muriel Lincoln 30

Children's Librarian

Pamela Fitz/Barbara Wilson 32

Part time Children's Librarian

Diane Shannon 22

Secretary & Bookkeeper

Gail Pearson 20

Custodian

George Lincoln 25

Page

Donald Chick 15

Part time Circulation & Reference Librarian

Ruth Gagnon substitute

1979 FINANCIAL STATEMENT

RECEIPTS

City Appropriation		\$70,737.70
Endowment Income		6,891.37
Cash Gifts, 1979		320.58
Other Income		5,258.81
a. fines & damages	\$2,043.65	
b. copy machine	1,384.34	
c. old book sales	267.50	
d. out of state regis.	309.00	
e. misc.	621.06	
f. staff orders	633.26	
Balance from 1978		<u>2,572.48</u>
GRAND TOTAL RECEIPTS		\$85,780.94

EXPENDITURES

Salaries	\$50,223.48
Retirement	603.47
Workmen's Compensation	2,916.41
Social Security	3,147.77
Books, Periodicals	11,878.04
AV Materials	338.42
All other Operating Expenditures	<u>12,855.89</u>
Grand Total Expenditures	\$81,963.48
Balance at End of the Year	<u>3,101.76</u>
TOTAL	\$85,780.94

1979 BILLS SUBMITTED TO THE CITY

Books	\$ 1,699.01
Periodicals	1,472.07
Library Supplies	1,192.05
Building Repairs & Supplies	456.17
Utilities	2,737.33
Fuel	4,659.67
General Operating Expenses	547.22
Salaries	50,223.48
Insurance	3,241.86
FICA and Retirement	3,751.24
Adults & Children's Services	120.00
Notes - Loan Payment & Interest	<u>637.60</u>
	\$70,737.70

1979 STATISTICS

Adult Circulation:	
Fiction	37,289
Non-Fiction	19,618
Periodicals & Pamphlets	6,242
Records	888
Films	183
Interlibrary Loans	426
Notre-Heritage	49
Outreach	2,205
Puzzles & Pictures	85
	<hr/>
	66,985
Children's Circulation:	
Fiction	13,891
Non-Fiction	4,597
Records	295
Notre-Heritage	128
Periodicals & Pamphlets	187
	<hr/>
	19,098
Total for 1979	86,083
1978	93,694
1977	95,154
1976	95,114
Adult Registrations	1,512
State Card Registrations	163
Out of State cards purchased	79
Children's Registrations	261
Teacher Registrations	24
	<hr/>
	2,039
Book Acquisitions	
Adult Purchases	1,231
Children's Purchases	438
Gifts-Adult & Children	507
	<hr/>
	2,176
Record Purchases & Gifts	32
Discards & Withdrawals	
Adult Books	468
Children's Books	392
Records	22
	<hr/>
	882

Total Number of Volumes	55,755
Magazines Received	115
Newspapers Received	8
Reference Questions	1,111
1978 Acquisitions	2,424
1977 Acquisitions	2,499
1976 Acquisitions	2,101
Meeting Room	2,361
Books Loaned on State Card	4,102
Story Hour Participation	564
Film Programs Attendance	4,020
Number of Films Shown	243
School Classes	695

ROCHESTER POLICE DEPARTMENT **ANNUAL REPORT FOR 1979**

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE
CITY OF ROCHESTER:

The following is an accounting of the activities of the
Rochester Police Department for the Year 1978:

MOTOR VEHICLE ARRESTS

Allow unlicensed person to operate	7
Allow taxi to be operated without a medallion	1
Allow unregistered vehicle to be operated	10
Allow taxi to be operated without schedule of rates	1
Allow vehicle to operate without diesel permit	1
Allow uninspected vehicle to be operated	14
Allow a minor to operate an OHRV	1
Blocking driveway	1
Bench Warrant	17
Cross center median strip	4
DWI	131
Disobey a police officer	1
Display emergency lights	1
Evading toll fare	5
Following too closely	7
Fail to have flag on projected load	5
Fail to stop for a police officer	15
Fail to keep right	20
Fail to yield right of way	32
Fail to report accident	1
Fail to signal	2
Fail to stop at railroad crossing	6
Fail to appear when summonsed	1
Fail to display plates	1
Fail to file trapping report	1
Fail to stop for pedestrian	1
Forged inspection sticker	1
Give false information to a police officer	2
Held for other departments	4
Improper passing on right	49
Improper operation	4

Leave scene of an accident	18
Littering	5
Load spillage	3
Make improper turn	1
Misuse of plates	25
Misuse of power	54
Operate OHRV on a public highway	6
Operate taxi without a license	8
Operate with an altered exhaust	3
Operate without a muffler	5
Operate boat without a fire extinguisher	1
Operate boat without lights	1
Operate boat too close to shore	3
Operate with obstructed mechanism	1
Operate motorcycle without goggles	19
Operate motorcycle without a helmet	3
Operate motorcycle without mirrors	1
Operate without a license	107
Operate without corrective lenses	12
Operate without highway permit	14
Operate without brakes	3
Operate without financial responsibility	19
Operate without lights	7
Operate after revocation	25
Operate after suspension	19
Operate unregistered vehicle	125
Operate uninspected vehicle	557
Operate to endanger	1
Operate with smooth tires	43
Operate with obstructed windshield	2
Operate wrong way on 1-way street	2
Operate overweight or overwidth vehicle	18
Operate unregistered snowmobile	8
Operate without binder chains, flaps, flares	3
Pass school bus flashing lights	1
Poss. cont. drug in motor vehicle	2
Reckless operation	21
Resisting arrest	3
Speeding	675
Stop sign violation	147
Tow unregistered trailer	2
Tow trailer without lights	1

Tow trailer without safety chain	1
Tow vehicle without tow bar or chain	6
Traffic light violation	38
Transport a controlled drug	2
Unauthorized use of propelled vehicle	1
Yellow line violation	82
	<hr/>
	2,451

DISPOSITIONS OF MOTOR VEHICLE ARRESTS

Continued for sentence	24
Continued for sentence appealed	3
Continued for sent. & H. Correction suspended	1
Defaulted	248
Dismissed	10
Fined	1,787
Fine suspended	2
Fine appealed	5
Fined & license revoked	105
Fined & license suspended	11
Fined, Lic. rev. & H. of Correction	1
Fined & license revoked appealed	24
Fined & license suspended appealed	1
Fine & H. of Correction appealed	4
Fine & H. of Correction suspended	22
Found not guilty	19
Fined, H. of Cor. & license revoked	1
Fined & license & registration suspended	1
Fine susp. & ord. to pick up rubbish	2
Fined & lic. revoked, & H. Correction suspended	1
Fined & lic. revoked, & H. Correction appealed	2
House of Correction	5
House of Correction suspended	9
H. Cor. susp. & placed on probation	1
Indicted at Superior Court	1
Licenses suspended	1
License revoked	1
NoI Prossed	41
Placed on file	105
Purged of contempt of Court	8
Released to other departments	4
Taken under advisement	1
	<hr/>
	2,451

CRIMINAL ARRESTS

Arson	2
Assault	54
Aggravated assault	8
Attempted larceny	2
Attempted murder	1
AWOL	1
Bail jumping	2
Burglary	21
Bench Warrant	28
Bigamy	1
Cons. alc. bev. in a public place	1
Concealment of merchandise	20
Criminal mischief	30
Criminal threatening	14
Criminal trespass	17
Contempt of Court	1
Crim. liability for conduct of another	7
Conspiracy Arson or Burglary	4
Carry a concealed weapon	2
Disorderly conduct	90
Dog pursuing deer	4
Endangering welfare of a child	2
Fail to keep dog restrained	19
False report to Law Enforcement	2
Fugitive from Justice	3
Fail to license dog	2
Fishing without a license	2
Forgery	2
Felonious sexual assault	1
Fail to file lobster report	1
Furnish alc. bev. to a minor	2
Fraudulent use of credit cards	1
Give false info. to a police officer	6
Held for investigation	12
Held for safekeeping	4
Harassment	4
Held for other departments	56
Ill. poss. intoxicating beverages	13
Intoxicated (simple drunks)	253
Intoxication	71

Indecent exposure or lewdness	4
Issuing bad checks	41
Illegal possession of deer	2
Juveniles	549
Littering	3
Obtain narcotics by fraud	2
Possession of stolen property	18
Picked up for other departments	16
Pres. where cont. drug was kept	5
Possession of controlled drug	43
Reckless conduct	5
Receive stolen property	5
Resisting arrest or detention	28
Reckless conduct (felony)	2
Robbery	5
Runaway	1
Sell alc. bev. without a license	1
Sales to minors	1
Sexual assault	1
Theft of mislaid property	1
Theft by deception	7
Theft by unauthorized taking	12
Theft	27
Theft of services	5
Trespassing stock	1
Unauth. use of prop. vehicle	1
Violation of probation	1
Violation of Court Order	1
	<hr/>
	1,554

DISPOSITIONS OF CRIMINAL ARRESTS

Bail forfeited	1
Bound over to Superior Court	40
Continued for sentence	42
Cont. for sent. & ord. to make restitution	14
Continued for sentence appealed	1
Defaulted	4
Discharged	2
Dismissed	22
Fined	195

Fine appealed	5
Fine suspended	3
Fined, H. of Correction suspended	40
Fine & H. of Correction appealed	3
Fined & ord. to make restitution	20
Fined & placed on probation	1
Fine susp. & ord. to make restitution	4
Fine susp. & ord. to pick up rubbish	3
Fine & ord. to make rest. appealed	5
Found not guilty	38
Fined, H. of Corr. & Ord. to make restitution	2
House of Correction	30
House of Correction appealed	8
House of Correction suspended	22
H. of Cor. susp. & ord. to make restitution	18
H. of Cor. susp. & placed on probation	1
Indicted at Superior Court	17
Nol Prossed	89
Ordered to make restitution	1
Placed on file	25
Purged of contempt of Court	7
Placed on file & ord. to make restitution	2
Referred to Juvenile Court	549
Restraint order to issue	1
Released	265
Released to other departments	69
Returned to foster home	1
Released to State Hospital	1
Taken to Civil Court	2
Waived formal extradition	1
	<hr/>
	1,554

DEPARTMENT ARRESTS FOR THE YEAR 1979

Rochester Police	2,461
State Police	1,159
Other Departments	385
	<hr/>
	4,005

FINES ASSESSED

Motor Vehicle Arrests	\$78,315.00
Criminal Arrests	12,265.00
	<hr/>
	\$90,580.00

ACTIVITIES

Aids to individuals	1,117
Aids to other departments	400
Accidents investigations	814
Accidents reported at station	230
Animals taken to pound or Vet's	174
Articles found	184
Articles lost	272
Articles stolen	853
Autos stolen	68
Autos recovered	55
Blood relays	47
Buildings unlocked	752
Burglaries	284
Complaints answered	9,621
Criminal arrests	752
Fatalities	2
Funeral escorts	42
Intoxicated (simple drunks)	253
Juveniles	549
Lodgers	117
Missing persons	90
Missing persons returned	85
Motor vehicle arrests	2,451
Payroll & store escorts	1,262
Personal injuries in auto	128
Report of street & traffic lights out	52
Robberies	7
Warnings given	673
	<hr/>
	21,334

MONIES RECEIVED DURING THE YEAR 1979

Meter Collections	\$8,215.67
Meter Fines	1,178.50
Beano Permits	2,025.00
Bicycle Licenses	237.25
Copy Machine	2,016.00
Pinball Machine Licenses	520.00
Pistol Permits	444.00
Bicycle Auction	1,202.00
	<hr/>
	\$15,838.42

Respectfully submitted,
KENNETH P. HUSSEY
Police Chief

REPORT OF THE DEPARTMENT OF PUBLIC WORKS

TO THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL:

I submit herewith my report of the activities of the Department of Public Works for the year ending December 31, 1979.

Snow removal, salting and sanding required most of our attention for the first 4 months. However, we did considerable patching to roads and streets when the weather permitted.

Toward the middle of April we started our street sweeping and continued this until the middle of November when cold weather set in.

Minor repairs were made to bridges and culverts, due to weathering, on England Road, Flat Rock Bridge Rd., Winter Street, Little Falls Bridge Rd., Chesley Hill Rd., Salmon Falls Rd., Lowell Street, Whitehall Road, and the Dewey Street Foot Bridge.

Our surface drains and catch basins were cleaned in the spring and fall with the aid of our Hydraulic Catch Basin Cleaning Machine. Plugged drains which would not take water were rodded out.

Gravel was hauled to roads and streets that were washed out so as to improve their unpaved areas, such as: Sheepboro Road, the Dump Road, Evans Road, Hussey Road, Rickford Road, Havenhill Road, Chicken Farm Road, and to many other streets for road shoulder repairs.

We hot-topped some streets and roads in the city during the summer months, such as: Franklin Street from corner of Chamberlain St. to Portland St., Louise Street, Portland Street from Columbus Ave. to Salmon Falls Rd., Main Street - East Rochester, Brook Street, Dustin Terrace, Summer Street from Columbus Ave. to Eastern Ave., Kimball Street, Westview Street, Hillside Drive, Liberty Street, Rochester Neck Road to England Road, Small Street, Winter Street, Part of Columbus Avenue off South Main St., Part of Lowell Street off Hancock St., and Salmon Falls Road from Route 202 to Route 16.

Dust oil was applied to control dust on some of the gravel roads in the city such as: Sheepboro Road, Dump Road, Evans Road, Bickford Road, Hussey Road, Havenhill Road, and the Chicken Farm Road.

Water Mains were completed on Maplewood Avenue, and Tingley Street, using 288 feet of 6'' Ductile Iron Water Pipe.

Forty-nine new water services were installed and fifteen water services were relaid in the City.

Sewer Mains were completed on Maplewood Avenue, using 117 feet of 6'' Transite Sewer Pipe.

Thirty-four new sewer services were installed bringing the total to 3,675 services in the system.

Two new pieces of equipment were purchased during the year to aid the city with its work. We purchased a new Stedt Hydraulic Catchbasin Cleaning Machine, and a new Sreco Sanitary Sewer Rodding Machine.

Water samples are taken once a week and taken to the Portsmouth Water Laboratory for testing.

I take this opportunity to express my appreciation to The Mayor, members of the Public Works Committee and City Council, and the employees of the Public Works Department for their assistance in achieving our daily tasks.

Respectfully submitted,
PAUL W. CLEMENT
Acting Commissioner
Public Works Department

REPORT OF THE SUPERINTENDENT OF SCHOOLS 1979

TO THE SCHOOL BOARD AND CITIZENS OF ROCHESTER:

The year 1979 was busy and productive and filled with many activities that continue to maintain the quality of education and, in some instances, to improve it. The variety and multitude of things undertaken and accomplished during the year may best be illustrated by taking excerpts from my monthly reports to the Board of Education. They are as follows and will be listed by month.

January

The Section 504 requirements of Public Law 93-112 are complete and, now that they are accepted, they will be sent to the Boston office. This is in regard to discrimination against handicapped people. Not every one of our buildings is in strict compliance with the building requirements of Section 504; however, with a multiplicity of buildings we are able to take care of any handicap situation that occurs. I would assume that this would conform to the building requirements as specified in the law.

Public Law 874 relates to parents who work on government property or for the government, and it is called the Impacted Aid Law. This last year we have received \$30,886.56; therefore, it is worth the lengthy process to complete the requirements and make out the report.

The month of January will be filled with curriculum activities. The Accountability Committee will continue to meet to develop guidelines. Individual buildings and levels will continue to meet on Wednesday afternoons to develop and refine curriculum plans. There are eight workshops being put on this month for classroom teachers to improve their ability in the classroom. Some of these are a Nutrition Workshop, a Movement Education Program, and New Hampshire History in Social Studies.

February

I have had two meetings during this month as a member of the Executive Committee of the Strafford Learning Center to make plans for the coming year. Each year we buy services from them

and make a small contribution. This year we have a full-time psychologist, two learning disability aides, and the consultant services of an occupational therapist and speech pathologist. Next year, if additional state and federal monies come, we will need to expand these services to help in the area of handicapped education.

This time of the year is the time when we consider seriously who I shall recommend to the Board for rehiring who are not yet on continuing contracts. I, therefore, have made a special effort to get into the classrooms of those teachers not on continuing contract so that, when I talk with the principals and/or the staff member, I can do so intelligently. Next month I shall be recommending to the Personnel Committee those people I feel eligible for rehiring.

March

I have met with state and city officials on the development of an economic education program. We have found, not only locally but nationally, that not much is known about how our economic system works, nor is there a basic understanding of our economic process. Our first step is to take a survey to see exactly where we stand before we determine what, if any, moves we will be making.

Mr. Drago's resignation and Dr. VanZandt's leaving as Director of Guidance has created substantial problems at the High School. I have asked Deputy Principal Lausier to assume the leadership responsibility for the balance of the year so that we can recruit and present some viable candidates to replace Mr. Drago.

We are in the process of preparing a master schedule of course selections at the High School and Junior High for the next school year, 1979-80. When this is complete we will then select and set aside time when each class will be able to choose their courses according to their own needs and plans. We will do this by the Arena Scheduling technique as we did last year because it worked effectively.

April

I met for two days with other superintendents of Strafford County developing long-range plans for the Strafford Learning Center and to review what we are doing now and make changes. With the greater number of handicapped children now being

identified, I believe we will find in the future more reliance on Strafford Learning Center to provide the specialized type of education that is too expensive to provide by the individual districts, and yet less expensive than sending the children to a residential setting. At the present time, there are two classes in Rochester sponsored by the Strafford Learning Center. These are called transitional adjustment classes for those children too disturbed to handle a normal classroom routine. Also, the Strafford Learning Center offers a class for preschool handicapped children, age 3-6, in Somersworth that we are also responsible for. In the plans for the future, it would look as if we would need classes for the severely learning disabled and the autistic also.

The secondary administrators, Mr. Gilman, and I have been studying the overall administrative organization at the secondary level in an attempt to provide financial savings as well as streamline the operation.

May

The Accountability Committee has continued to meet to establish a local plan. Three teachers and I attended a statewide assessment meeting sponsored by the Commissioner of Education. We are progressing satisfactorily and, at this time, there does not seem to be any problems. Along with this each year I require my administrators to establish objectives at the beginning of the year. Near the close of each year I require them to submit a report on whether or not they accomplished these objectives.

We are fortunate to be hosting the New England Regional Reading Association meeting on May 16. As you recall, we were a Right to Read site and were the first district in the state to reach its reading goals. With our emphasis still on reading, we are enthusiastic about this upcoming meeting.

The scheduling at the Junior High School is now complete. At the moment we are calling it a tentative schedule because of some unknowns that relate to the High School. When the High School schedule is complete, we will be checking both of them to see what conflicts there are, if any, and to correct them.

I have set up interviews for the selection of a new High School principal. My goal is to complete this task before the end of the month and make a recommendation to the Board so that the new person can be on board in early July.

June

The month of June ends our 1978-79 school year. Graduation this year will be in the new gymnasium on the evening of the 18th. Awards night will be held on June 13.

I participated in the Adult Evening School graduation. We had thirty adults receive their diplomas and some of these people had worked several years to achieve this distinction. Our adult evening program provides an excellent opportunity to offer an educational program for those who were not fortunate enough to finish earlier.

The State Department of Education this month conducted workshops on a new accounting system that they are requiring all districts to adopt by 1980. This is a double-entry system and follows very closely the federal accounting program. During the ensuing months, by the next budget year we will be developing our own local budget along these new guidelines.

September

School opened without any major problems this year. We had fewer bus problems than anticipated although a few were overloaded. The classrooms need some adjustments to balance out the size but, at the present time, there does not seem to be a problem there either. An accurate count as to numbers will not be available until the end of September, but it looks now as if our enrollment will remain within one hundred of what it was last year.

Inflation is causing a considerable problem this year. Not only has the cost of energy such as gasoline gone up, but the cost of heating oil and electricity far surpasses any prediction that I might have considered. Added to that the increased cost of paper, textbooks, replacement equipment, repairs, and labor will cause our budget to go askew in spite of attempts to keep it in some semblance of reasonableness.

October

Our schools are now running smoothly after the initial opening problems were resolved. Mr. Gilman has ridden most of the buses and taken care of overloads for the present time. We do have one bus that is at capacity that could cause us a problem in the future, but presently we will hold on taking any action.

All classrooms are functioning as they should. The new teachers that we have selected are working hard and all schools

are well into the educational process. It gives a person a good feeling to go from school to school and classroom to classroom and see a lot happening with the learning process.

Our October 1 enrollment is slightly less than our October 1 enrollment was a year ago, but it is not a significant amount and does not change the overall picture in any way.

On October 19 we will be running a workshop on assessment and accountability for all teachers. For that reason schools will be closed on that day. We will have the Commissioner of Education and four chiefs of the various departments from the State Department of Education present to conduct this workshop. I am requiring all staff members to participate. In line with this workshop the Accountability Chairman has been meeting this fall to continue to develop our own local accountability process. These meetings will tie in with the workshop and the workshop will provide stimulus as well as information to the committee on the process of establishing a system-wide accountability program.

November

On October 19 our meeting on accountability was held in the Rochester Schools. This was conducted by four state officials from the State Department of Education who introduced accountability and discussed ways in which school systems could become more accountable. After their presentation teachers and administrators broke up into smaller groups to study ways in which accountability would affect their particular discipline or level. The representatives from the state did an excellent job in presenting the problem and the teachers were serious and thoughtful in planning the techniques and ways our system can develop an accountability process.

This month all of the administrators and others affected by the new State and Federal law on Unemployment Compensation met in the Council Chambers with other department personnel from the city to discuss the implementation of Unemployment Compensation Insurance and to discuss how to set up workable procedures.

Energy is in the forefront of everyone's mind. I, therefore, sent Mr. Leon Hayes to a conference on energy in Concord to help us become better informed on techniques of energy conservation. In addition to this, Mr. Gilman has completed an energy survey questionnaire which will now be turned over to an individual who will visit each school and evaluate each building from an energy conservation standpoint.

We are now working to establish a new budgeting process for the School Department. This is required by state law and will follow closely the present federal budgeting system. It is basically a bookkeeping change and will require us to recode all of our categories in the budget to comply with the new regulations. We have been attending meetings and working on this and hope to have it ready by January 1, 1980, which is the state law deadline.

Last Friday Mr. Gilman attended a meeting with Dr. DeForrest at the Strafford Learning Center and received the latest word on requirements on handicapped education and funding at both state and federal level. This was an informative meeting and will provide guidelines for us in our next year's plans.

Spaulding High School marching band placed second in two New England Competitions recently. The most recent one was last Sunday when they lost first place by two tenths of one point. Our drum section, however, took first place over all the bands in the New England Competition.

December

This month we conducted workshops in language arts and reading at the elementary level. The purpose of these was to reinforce the reading programs in each classroom. The administration at the elementary level also has set up a program on fire prevention with the assistance of Chief Duchesneau of the Fire Department.

There have been many committee meetings throughout the month in such areas as Staff Development, Handicapped Education, and Accountability. In addition, the Testing Committee, a subcommittee of the Accountability Committee, has started to develop an evaluation instrument that can be used to determine what we are doing in Grades 4, 8, and 11. When completed this instrument will assist us in our accountability process.

The Iowa Tests of Basic Skills have been received and our annual testing will take place during the month of January.

We have had two meetings this month with state people regarding the new budget process. As I have mentioned earlier, we are expected to use the new state budget form starting January, 1980. This is a considerable task because all accounts within the budget are somewhat different than our present ones. In addition, such programs as school lunch and student activities will now become part of the basic budget. The big problem is recoding all the thousands of items. This has been going on for some time now and will continue in the near future.

It is our aim in the Education Department to continue to reflect the needs of you, the people of the city. It is becoming more difficult, however, because the single most important eroding factor in education is inflation. I am fully aware that ways will have to be found to economize and restructure the education process to limit the amount of increase per year. In talking with the administrators, our long-range goal for 1980 is to find new ways or different ways to prepare your children for their adult life.

In closing, I continue to enjoy the role of educational leader in this city and to enjoy the challenge and feeling of accomplishment that I have.

Respectfully submitted,
THAYER D. WADE
Superintendent

SCHOOL BOARD — CITY OF ROCHESTER For 1980

Mayor Richard Green, Chairman
Ward One-Michael Rocheleau, Annette Elliott
Ward Two-Gus Hoyt, Beth Hourigan
Ward Three-Muriel Gagnon, Michael Dubois
Ward Four-Roland Roberge, Franklin Jones
Ward Five-Frederick Steadman, Rose Theriault
At-Large-F. Roland Keans, Richard Carlson

STANDING COMMITTEES

Personnel Committee-Franklin Jones, Chairman, Richard Carlson, Michael Dubois
Instruction Committee-Roland Roberge, Chairman, Rose Theriault, F. Roland Keans
Building Committee-Michael Rocheleau, Chairman, Muriel Gagnon, Frederick Steadman
Special Services Committee-Beth Hourigan, Chairman, Gus Hoyt, Annette Elliott
Finance Committee-Mayor Richard Green, Chairman, Franklin Jones, Roland Roberge, Michael Rocheleau, Beth Hourigan

SPECIAL COMMITTEES

Discipline Committee-Richard Carlson, Chairman, Rose Theriault, Muriel Gagnon, F. Roland Keans, Annette Elliott
Policies and Regulations-Rose Theriault, Chairman, Roland Roberge, Franklin Jones
Space Utilization-Michael Dubois, Chairman, Beth Hourigan, Muriel Gagnon

PERSONNEL

Superintendent of Schools-Dr. Thayer D. Wade
Assistant Superintendent of Schools-Robert C. Gilman
Director of Elementary Education-Faustina M. Trace
Director of Pupil Services-Kathryn VanZandt
Director of School Lunch-Helen Grenier
School Nurses-Marion S. Goodwin, R.N.; Jacqueline A. Brennan, R.N.; Mary Wallace, R.N.; Sharon Croft, R.N.

Supervising Principals: Robert Bouchard, Spaulding High School
Leonard Robbins, Spaulding Junior High School
Andre Deshaies, Allen School
Arlene Welch, East Rochester School
Richard Jenisch, McClelland School

ANNUAL REPORT FOR WELFARE DEPARTMENT 1979

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE
CITY OF ROCHESTER, NEW HAMPSHIRE:

The report for the welfare department for the year 1979 provided assistance for 198 families and 134 single individuals.

The appropriation for direct relief and soldier's aid was \$100,000.00 and vouchers were issued for the following categories:

Food	\$24,803.19
Fuel	11,276.63
Rent	37,614.14
Utilities	5,687.87
Medical	1,162.15
Clothing	255.65
Burials	245.00
Board & care-adults	<u>1,984.40</u>
TOTAL	\$83,029.03

A special appropriation for the Board & Care of Children was made during the year for \$24,000.00 and \$21,488.46 was expended.

Referrals were made during the year for the food stamp program-CAP program-CETA office-Unemployment service and to various towns and county welfare programs.

Appropriation for the Old Age Assistance program was \$55,000.00 and the expenditures for the year amounted to \$69,841.78.

Appropriation for the office expense was \$10,810.00 and the expenses amounted to \$11,213.36.

Credits received during the year amounted to \$4,221.53.

Respectfully submitted,
ALTHEA D. BERRY
Overseer of Welfare

CITY OF ROCHESTER, NEW HAMPSHIRE
Annual Financial Report
December 31, 1979
(Administration of Mayor John Shaw)

The Mayor and City Council
City of Rochester, New Hampshire

We have examined the financial statements of the City of Rochester, New Hampshire as of and for the year ended December 31, 1979 as listed under exhibits in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described more fully in Note 12, the financial statements referred to above do not include financial statements of the General Fixed Asset Group of Accounts which should be included to conform with generally accepted accounting principles.

The accompanying financial statements contemplate continuation of the City as a going concern; however, as more fully described in Note 11 to the financial statements, the City's ability to continue as a going concern is dependent upon the generation of sufficient cash flow from operations or borrowing to finance current obligations.

In our opinion, subject to the possible effects of the matters discussed in the preceding paragraph and except that the omission of the financial statements of the General Fixed Asset Group of Accounts results in an incomplete presentation, the financial statements referred to above present fairly the financial position of the City of Rochester, New Hampshire at December 31, 1979 and the results of its operations and the changes in financial position of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as a schedule in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Rochester, New Hampshire. The information has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is stated fairly in all material respects in relation to the financial statements taken as a whole.

PEAT, MARWICK, MITCHELL & CO.

March 17, 1980

CITY OF ROCHESTER, NEW HAMPSHIRE
Combined Balance Sheet--All Fund Types and Account Group
December 31, 1979
with comparative totals for December 31, 1978

Assets and other debits	Governmental fund types		Proprietary fund type		Fiduciary fund type		Account group		Totals	
	General fund	Capital projects fund	Water fund	Nonexpendable trust funds	General long-term debt	(memorandum only)	1979	1978		
Cash, including time deposits	\$ 357,567	1,679	14,367	18,663	-		392,276	165,700		
Investments (note 8)	-	-	-	310,252	-		310,252	161,794		
Receivables (net, where applicable, of allowances for estimated uncollectible amounts of \$108,000):										
Taxes, including interest, penalties and liens (note 2)	1,208,113	-	-	-	-		1,208,113	1,050,103		
Accounts receivable	184,156	-	62,615	-	-		246,771	361,241		
Unbilled accounts receivable	-	-	35,252	-	-		35,252	64,119		
Accrued interest	-	-	-	3,927	-		3,927	1,676		
Tax acquired property	-	-	-	-	-		-	81,132		
Due from other funds	84,028	201,164	-	-	-		285,192	653,474		
Due from other governmental units (note 9)	-	222,092	-	-	-		222,092	153,495		
Inventory	-	-	77,961	-	-		77,961	42,325		
Prepaid expenses	-	-	7,867	-	-		7,867	7,061		
Property, plant and equipment (net of accumulated depreciation) (note 7)	-	-	1,844,692	-	-		1,844,692	1,872,788		
Amount to be provided for retirement of general long-term debt	-	-	-	-	8,436,527		8,436,527	9,353,982		
Other assets	-	-	2,500	-	-		2,500	2,300		
	\$1,833,864	424,935	2,045,254	332,842	8,436,527		13,073,422	13,971,190		

Exhibit AA (cont.)

**CITY OF ROCHESTER, NEW HAMPSHIRE
Combined Balance Sheet--All Fund Types and Account Group
December 31, 1979
with comparative totals for December 31, 1978**

	Governmental fund types		Proprietary fund type		Fiduciary fund type		Account group		Totals	
	General fund	Capital projects fund	Water fund	Non expendable trust funds	General long-term debt	(memorandum only)	1979	1978		
Liabilities										
Accounts payable	\$ 374,446	-	17,850	-	-		392,296	662,898		
Contracts payable	-	67,777	-	-	-		67,777	149,238		
Accrued interest payable	-	-	1,641	-	-		1,641	2,730		
Due to other funds	201,164	-	84,028	-	-		285,192	653,474		
Tax anticipation notes payable	1,700,000	-	-	-	-		1,700,000	-		
Short-term notes payable	297,603	-	-	-	-		297,603	-		
General obligation bonds and notes payable (note 3)	-	-	340,751	-	-		8,777,278	9,726,647		
Total liabilities	2,573,213	67,777	444,270	-	8,436,527		11,521,787	11,194,987		
Fund equity										
Contributed capital	-	-	638,521	-	-		638,521	634,196		
Retained earnings (Exhibit EE)	-	-	962,463	-	-		962,463	1,009,621		
Fund balances (deficit):										
Reserved for tax acquired property	-	-	-	-	-		-	81,132		
Reserved for self insurance	64,585	-	-	-	-		-	-		
Designated for subsequent years expenditures (note 10)	76,420	357,158	-	-	-		433,578	42,030		
Undesignated	(880,354)	-	-	332,842	-		(547,512)	1,009,224		
Total fund balances (deficit) (Exhibit CC and EE)	(739,349)	357,158	-	332,842	-		(49,349)	1,132,386		
Total fund equity	(739,349)	357,158	1,600,984	332,842	-		1,551,635	2,776,203		
Contingent liabilities (note 13)	\$1,833,864	424,935	2,045,254	332,842	8,436,527		13,073,422	13,971,190		

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

**Combined Statement of Revenues and Expenditures--
All Governmental Fund Types**

Year ended December 31, 1979

	General fund	Capital projects fund	Total (memorandum only)
Revenues:			
Taxes (note 2)	\$5,769,507	-	5,769,507
Intergovernmental	2,164,251	1,013,627	3,177,878
Miscellaneous	257,176	-	257,176
Total revenues	<u>8,190,934</u>	<u>1,013,627</u>	<u>9,204,561</u>
Expenditures:			
General government	248,044	-	248,044
Education	5,187,550	-	5,187,550
Debt service	677,610	-	677,610
County tax	569,598	-	569,598
Public works	730,325	-	730,325
Police	397,354	-	397,354
Fire	382,943	-	382,943
Special appropriations	304,566	-	304,566
Public welfare	171,565	-	171,565
Public building	45,832	-	45,832
Library	73,455	-	73,455
District court	40,835	-	40,835
Ambulance	38,800	-	38,000
Street and traffic lights	148,199	-	148,199
Recreation	39,429	-	39,429
Abatements	58,415	-	58,415
Employee benefits	66,049	-	66,049
Bridge repairs	80,395	-	80,395
Capital projects	-	1,233,512	1,233,512
Miscellaneous	19,051	-	19,051
Total expenditures	<u>9,279,215</u>	<u>1,233,512</u>	<u>10,512,727</u>
Excess of expenditures over revenues before other financ- ing sources	(1,088,281)	(219,885)	(1,308,166)
Other financing sources:			
Utilization of prior years' fund balance	<u>242,663</u>	<u>-</u>	<u>242,663</u>
Excess of expenditures over revenues and other financing sources (Exhibit CC)	<u>\$ (845,618)</u>	<u>(219,885)</u>	<u>(1,065,503)</u>

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE
Combined Statement of Changes in Fund Balances--
All Governmental Fund Types
Year ended December 31, 1979

	General fund	Capital projects fund	Total (memorandum only)
Fund balances, beginning of year as previously reported	\$ 335,479	591,894	927,373
Plus (less):			
Reclassification (note 6)	30,000	(30,000)	-
Restatement (note 6)	-	15,149	15,149
Fund balances, beginning of year, restated	365,479	577,043	942,522
Plus (less):			
Excess of expenditures over revenues and other financing sources (Exhibits BB and DD)	(845,618)	(219,885)	(1,065,503)
Utilization of prior years' fund balance	(242,663)	-	(242,663)
Write-off of tax acquired property	(81,132)	-	(81,132)
Addition to reserve for self- insurance	64,585	-	64,585
Fund balances, end of year (Exhibit AA)	\$(739,349)	357,158	(382,191)

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

Combined Statement of Revenues, Expenditures and Changes in Fund Balance--
Budget and Actual--General Fund

Year ended December 31, 1979

	Budget	Balances carried forward and additional appropriations	Total authorized	Actual (note 5)	Variance--favorable (unfavorable)
Revenues:					
Taxes:					
Property, resident, and timber taxes (net of veterans' credits) (note 2)	\$5,311,892	-	5,311,892	5,339,841	27,949
Automobile excise taxes	360,000	-	360,000	429,666	69,666
Total taxes	5,671,892	-	5,671,892	5,769,507	97,615
Intergovernmental revenues:					
School income	655,039	-	655,039	716,262	61,223
Business profits tax	661,877	-	661,877	661,877	-
Interest and dividends tax	187,877	-	187,877	187,877	-
State Aid water pollution	95,647	-	95,647	95,647	-
Room and meal tax	167,718	-	167,718	167,718	-
State highway aid subsidy	130,622	-	130,622	133,990	3,368
Federal revenue sharing	200,877	-	200,877	200,800	3
Total intergovernmental revenues	2,099,657	-	2,099,657	2,164,251	64,594
Miscellaneous revenues:					
Charges for services	15,000	-	15,000	22,283	7,283
Interest on investments	15,000	-	15,000	67,111	52,111
Police	8,500	-	8,500	8,192	(308)
Cable vision	2,700	-	2,700	10,245	7,545
Sale of City property	100	-	100	8,331	8,231

CITY OF ROCHESTER, NEW HAMPSHIRE

Combined Statement of Revenues, Expenditures and Changes in Fund Balance--
Budget and Actual--General Fund, Continued

Year ended December 31, 1979

	Budget	Balances carried forward and additional appropriations	Total authorized	Actual (note 5)	Variance--favorable (unfavorable)
Clerk fees	\$ 8,000	-	8,000	11,985	3,985
Municipal court	35,000	-	35,000	42,791	7,791
Licenses	16,500	-	16,500	22,063	5,563
Interest on delinquent taxes	28,000	-	28,000	51,104	23,104
Other	9,700	-	9,700	13,071	3,371
Total miscellaneous revenues	138,500	-	138,500	257,176	118,676
Total revenues	7,910,049	-	7,910,049	8,190,934	280,885
Expenditures:					
General government	188,499	-	188,499	248,044	(59,545)
Education	4,951,555	-	4,951,555	5,187,550	(235,995)
Debt service	590,870	-	590,870	677,610	(86,740)
County tax	569,598	-	569,598	569,598	-
Public works	557,333	-	557,333	730,325	(172,992)
Police	353,961	-	353,961	397,354	(43,393)
Fire	331,795	-	331,795	382,943	(51,148)
Special appropriations:					
Equipment-public works department	-	83,527	83,527	51,617	31,910
New high school and land purchase	-	(69,282)	(69,282)	18,935	(88,217)
Traffic lights	-	13,666	13,666	13,814	(148)
School repair and equipment	-	36,827	36,827	16,438	20,389

CITY OF ROCHESTER, NEW HAMPSHIRE

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance--
Budget and Actual--General Fund, Continued**

Year ended December 31, 1979

	Budget	Balances carried forward and additional appropriations	Total authorized	Actual (note 5)	Variance-- favorable (unfavorable)
	\$				
Computer	-	117,000	117,000	95,169	21,831
School humidifier and camera	-	25,798	25,798	24,419	1,379
Fire alarm	-	40,000	40,000	8,334	31,666
Welfare-delinquent children	-	24,633	24,633	21,499	3,134
Miscellaneous	-	68,097	68,097	54,341	13,756
Total special appropriations	-	340,266	340,266	304,566	35,700
Public welfare	165,810	-	165,810	171,565	(5,755)
Public building	27,500	-	27,500	45,832	(18,332)
Library	68,395	-	68,395	73,455	(5,060)
District court	41,673	-	41,673	40,835	838
Ambulance	38,000	-	38,000	38,000	-
Street and traffic lights	101,700	-	101,700	148,199	(46,499)
Recreation	30,000	-	30,000	39,429	(9,429)
Abateents	19,860	-	19,860	58,415	(38,555)
Employee benefits	67,000	-	67,000	66,049	951
Bridge repairs	-	-	-	80,395	(80,395)
Miscellaneous	6,500	-	6,500	19,051	(12,551)
Total expenditures	8,110,049	340,266	8,450,315	9,279,215	(828,900)

CITY OF ROCHESTER, NEW HAMPSHIRE

**Combined Statement of Revenues, Expenditures and Changes in Fund Balance--
Budget and Actual--General Fund, Continued**

Year ended December 31, 1979

	Budget	Balances carried forward and additional appropriations	Total authorized	Actual (note 5)	Variance-- favorable (unfavorable)
Excess of expenditures over revenues before other financing sources	\$ (200,000)	(340,266)	(540,266)	(1,088,281)	(548,015)
Other financing sources:					
Utilization of prior years' fund balance	200,000	42,663	242,663	242,663	-
Excess of expenditures over revenues and other financing sources (Exhibit CC)	\$ -	(297,603)	(297,603)	(845,618)	(548,015)

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

**Combined Statement of Revenues, Expenditures and Changes in
Retained Earnings/Fund Balances-Proprietary Fund Type and Similar Trust Funds**

Year ended December 31, 1979

	Proprietary fund type Water fund	Fiduciary fund type Nonexpendable trust fund	Total (memorandum only)
Operating revenues:			
Water sales	\$ 182,775	-	182,775
Equipment sales	37,309	-	37,309
Interest and dividends	4,388	16,533	20,921
Gifts	-	138,731	138,731
Loss on sale of securities	-	(2,186)	(2,186)
Other	1,957	-	1,957
Total operating revenues	226,429	153,078	379,507
Operating expenses:			
Labor	109,807	-	109,807
Supplies	19,359	-	19,359
Depreciation	50,644	-	50,644
Heat, light and power	24,384	-	24,384
Repairs	13,910	-	13,910
Insurance	9,441	-	9,441
Employee benefits	10,666	-	10,666
Payments to beneficiaries	-	10,100	10,100
Other	17,319	-	17,319
Total operating expenses	255,530	10,100	265,630
Net operating income (loss)	(29,101)	142,978	113,877

CITY OF ROCHESTER, NEW HAMPSHIRE

**Combined Statement of Revenues, Expenditures and Changes in
Retained Earnings/Fund Balances-Proprietary Fund Type and Similar Trust Funds, Continued**

Year ended December 31, 1979

	Proprietary fund type	Fiduciary fund type	Total (memorandum only)
	Water fund	Nonexpendable trust fund	
Nonoperating expenses:			
Interest	\$ 16,136	-	16,136
Net income (loss)	\$ (45,237)	142,978	97,741
Retained earnings/fund balances, beginning of year, as previously reported	1,009,621	189,864	1,199,485
Less restatement (note 6)	(19,494)	-	(19,494)
Retained earnings/fund balances, beginning of year, restated	990,127	189,864	1,179,991
Current year net income (loss)	(45,237)	142,978	97,741
Plus depreciation charged to contributed capital	17,573	-	17,573
Retained earnings/fund balances, end of year (Exhibit AA)	\$ 962,463	332,842	1,295,305

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE
Combined Statement of Changes in Financial Position-Proprietary
Fund Type and Similar Trust Funds
Year ended December 31, 1979

	Proprietary fund type	Fiduciary fund type	Total (memorandum only)
	Water fund	Nonexpendable trust funds	
Sources of working capital:			
Net income (loss)	\$(45,237)	142,978	97,741
Item not requiring working capital-depreciation	50,644	-	50,644
	5,407	142,978	148,385
Contribution from citizens	21,899	-	21,899
Net decrease in working capital	46,651	-	46,651
	<u>\$ 73,957</u>	<u>142,978</u>	<u>216,935</u>
Uses of working capital:			
Acquisition of property, plant and equipment	22,549	-	22,549
Retirement of debt	51,408	-	51,408
Net increase in working capital	-	142,978	142,978
	<u>\$ 73,957</u>	<u>142,978</u>	<u>216,935</u>
Elements of net increase (decrease) in working capital:			
Cash	(31,156)	(7,731)	(38,887)
Investments	-	148,458	148,458
Accounts receivable	(30,977)	-	(30,977)
Inventory	35,636	-	35,636
Other assets	1,006	-	1,006
Accounts payable	7,954	-	7,954
Accrued interest	1,089	2,251	3,340
Due to other funds	(30,203)	-	(30,203)
	<u>\$(46,651)</u>	<u>142,978</u>	<u>96,327</u>

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of General Long-term Debt Payable
December 31, 1979

	Interest rate	Final maturity date	Annual serial payment	Issued	Retired	Outstanding
General obligation bonds:						
Chamberlain Street School	3.40	12/ 1/80	\$ 30,000	651,000	621,000	30,000
Allen School	3.20	11/ 1/83	25,000	490,000	400,000	90,000
			(20,000 in 1982)			
East Rochester School	4.60	12/15/87	40,000	785,000	480,000	305,000
			(35,000 in 1985)			
Water pollution--phase I	3.90	12/15/96	100,000	3,000,000	1,300,000	1,700,000
New high school and Allen School addition	7.50	9/ 1/04	165,000	4,965,000	840,000	4,125,000
Police, fire station and city hall repairs	7.50	9/ 1/04	40,000	1,100,000	200,000	900,000
			(35,000 in 1985)			
Total general obligation bonds payable				<u>10,991,000</u>	<u>3,841,000</u>	<u>7,150,000</u>
General obligation notes:						
Addition to computer and city hall generator	4.75	3/ 1/79	2,694	13,470	13,470	-
Test borings and land purchase	4.75	3/ 1/79	6,100	30,500	30,500	-
Plans for phase II sewer	5.50	11/10/79	211,509	211,509	211,509	-
Rewire city hall and audits	5.50	1/20/80	10,743	53,715	42,972	10,743
Chamberlain Street land	5.50	1/20/80	3,000	15,000	12,000	3,000
Land purchase and fire truck repairs	5.50	1/20/80	32,200	161,000	128,800	32,200
Voters re-registration	5.50	1/20/80	4,110	20,550	16,440	4,110
Public works equipment	5.50	1/20/80	5,950	29,750	23,800	5,950

CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of General Long-term Debt Payable, Continued
December 31, 1979

	Interest rate	Final maturity date	Annual serial payment	Issued	Retired	Outstanding
Waste water treatment facility	4.75 %	11/ 4/80	(325,000 in 1980)	325,000	-	325,000
Industrial land in Gonic	4.50	12/21/80	8,100	81,000	72,900	8,100
Police cruiser and Gregoire house	5.75	4/ 1/81	4,020	20,100	12,060	8,040
Sewerage facility study and merit raises	5.75	4/ 1/81	18,800	94,000	56,400	37,600
Public works equipment	5.75	4/ 1/81	740	3,700	2,220	1,480
School repair	5.75	4/ 1/81	12,900	64,500	38,700	25,800
Police and fire equipment	4.40	11/22/81	8,290	41,450	24,870	16,580
Public works equipment	4.40	11/22/81	17,200	86,000	51,600	34,400
School repair (school supplemental budget)	4.40	11/22/81	25,000	125,000	75,000	50,000
Abatements and engineering consultants	5.15	11/ 4/82	3,772	18,858	7,543	11,315
Band uniforms	4.80	11/ 4/82	1,700	8,500	3,400	5,100
TRA funds, merit raise and building appraisal	4.80	11/ 4/82	6,466	32,330	12,932	19,398
Public works equipment	4.80	11/ 4/82	930	4,650	1,860	2,790
Public works equipment	5.15	11/ 4/82	5,124	25,622	10,249	15,373
Street light and ladder truck repairs	5.625	11/10/83	20,487	102,958	20,488	82,470
			(21,010 in 1983)			
Pool, library, police and fire equipment	5.625	11/10/83	5,347	26,736	5,347	21,389
Merit raises	5.625	11/10/83	23,800	119,000	23,800	95,200
Public works equipment	5.625	11/10/83	30,533	152,805	30,533	122,272
			(36,339 in 1983)			

CITY OF ROCHESTER, NEW HAMPSHIRE

Statement of General Long-term Debt Payable, Continued December 31, 1979

	Interest rate	Final maturity date	Annual serial payment	Issued	Retired	Outstanding
School repair	5.625%	11/10/83	\$ 23,000	115,000	23,000	92,000
Purchase Bradford and Turcotte property	3.50	8/25/85	1,500	30,000	21,000	9,000
Land for industrial shell	3.50	8/25/85	750	15,000	10,500	4,500
Swimming pool enclosure	4.50	7/11/86	2,000	40,000	26,000	14,000
Pickering Road, sewerage and lift station	variable	11/22/86	7,500	75,000	22,500	52,500
Salmon Falls road repairs	5.70	11/ 4/87	5,200	52,000	10,400	41,600
Water, sewer extension and sewer pump	5.70	11/ 4/87	5,290	52,896	10,579	42,317
Purchase Courier building	5.875	11/10/88	1,800	18,000	1,800	16,200
Salmon Falls road repairs	5.875	11/10/88	7,700	77,000	7,700	69,300
Sewerage and sewerage treatment facility	-	varies	varies	20,000	13,200	6,800
Total general obligation notes payable				<u>2,362,599</u>	<u>1,076,072</u>	<u>1,286,527</u>
				<u>\$13,333,599</u>	<u>4,917,072</u>	<u>8,436,527</u>

In addition to the general obligation debt exhibited above, the City of Rochester has a contingent liability against its full faith and credit on the water fund debt listed below. The general credit of the municipality is obligated only to the extent that liens foreclosed against properties are insufficient to retire outstanding debt.

Water Fund bonds:

Water construction bonds	2.50	5/ 1/84	\$ 25,000	650,000	500,000	150,000
						(30,000 in 1980)

CITY OF ROCHESTER, NEW HAMPSHIRE
Statement of General Long-term Debt Payable, Continued
December 31, 1979

	Interest rate	Final maturity date	Annual serial payment	Issued	Retired	Outstanding
Water Fund notes:						
Additions to water facilities	none	none	none	19,494		19,494
Adams Corner Hill pump	4.375%	8/28/82	\$ 2,000 (1,375 in 1982)	19,375	14,000	5,375
Pump and generator	5.625	11/10/83	3,158	15,790	3,158	12,632
Water pressure pump	6.50	4/ 1/86	9,000	90,000	27,000	63,000
Pickering Road water construction	variable	11/22/86	10,000	100,000	30,000	70,000
Land at Round Pond	5.875	11/10/88	2,250	22,500	2,250	20,250
Total water fund notes payable				267,159	76,408	190,751
				<u>\$ 917,159</u>	<u>576,408</u>	<u>340,751</u>

See accompanying notes to financial statements.

CITY OF ROCHESTER, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 1979

1. Summary of Significant Accounting Policies

The accounting policies of the City of Rochester, New Hampshire conform to generally accepted accounting principles applicable to government units. The following is a summary of the more significant of such policies.

A. Basis of Presentation

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account group are used by the City.

Government Funds

General Fund—The general fund is the operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The fund pays the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds.

Capital Projects Fund—The capital projects fund is utilized to account for all resources and project authorizations used in the acquisition and construction of capital facilities and other fixed assets.

Proprietary Fund

Enterprise Fund—The enterprise fund is used to account for operations of the Water Department which are financed and operated in a manner similar to private business enterprises—where the intent of the govern-

Proprietary Fund (cont.)

ing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund

Trust Funds-These funds are used to account for assets held in trust by the City for others.

Account Group

General Long-term Debt-This account group is established to account for long-term debt which is backed by the City's full faith and credit.

B. Basis of Accounting

The modified accrual basis of accounting, under which expenditures, other than interest on long-term debt, are recorded when the liability is incurred and revenues are recorded when received in cash unless susceptible to accrual, i.e. measurable and available to finance the City's operations, or of a material amount and not received at the normal time of receipt, is followed by the governmental fund types.

Revenue sources which are being accrued include property taxes, charges for current services and intergovernment reimbursements. Major revenue sources not being accrued are automobile excise taxes, licenses and permits.

Budget data as presented for the general fund also utilizes the modified accrual basis of accounting. The accrual basis of accounting is utilized by proprietary fund types and fiduciary fund types.

C. Inventory

Inventory is valued at cost (first-in, first-out)

D. Property, Plant and Equipment--Water Fund

Property, plant and equipment owned by the water fund is stated at cost. Depreciation has been provided over the

D. Property, Plant and Equipment—Water Fund (cont.)

estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Structures	50 years
House services	25- 50 years
Mains	75-100 years
Equipment	3- 25 years
Water tanks	100 years

2. Property Tax

Property taxes for the current year were levied October 28, 1979 on the assessed value listed as of the prior April 1 for all real property located in the City. Taxes were due December 1, 1979 with a 61-day grace period before interest was charged. The last revaluation occurred in 1964. The assessed value for the list of April 1, 1979, upon which the 1979-80 levy was based, was at approximately 34% of the estimated market value.

3. Debt Obligations

Long-term Debt

The following is a summary of debt transactions of the City for the year ended December 31, 1979:

	<u>General Obligation</u>	<u>Water fund</u>	<u>Total</u>
Debt payable at			
January 1, 1979	\$9,360,783	392,159	9,752,941
Debt retired	<u>924,256</u>	<u>51,408</u>	<u>975,663</u>
Debt payable at			
December 31, 1979	<u>\$8,436,527</u>	<u>340,751</u>	<u>8,777,278</u>

The City is subject to state law which limits debt outstanding to a percentage (depending on how funds will be used) of its last full state valuation. Debt incurred for state required sewerage systems and treatment facilities are not subject to the limit. The following is a summary, by purpose, of the outstanding debt of the City at December 31, 1979 and related limitations.

Long-term Debt (cont.)

	Net debt outstanding	Percent of state assessed value of \$291,967,166	Statutory limit	Debt margin
School	\$4,722,900	7.00%	\$20,437,701	15,714,801
Water	321,257	10.00	29,196,717	28,875,460
All				
other	1,696,463	1.75	5,109,425	3,412,962
	6,740,620			
Sewer	2,036,657			
Total	<u>\$8,777,277</u>			

The annual requirements to amortize all direct long-term debt outstanding, are as follows:

1980	\$1,639,227
1981	1,151,407
1982	1,022,059
1983	971,001
1984	812,529
1985-1989	3,344,151
Thereafter	5,580,421

Overlapping Debt

The City is situated in Strafford County and is, therefore, responsible for its proportionate share of the County's general obligation debt. As of December 31, 1979, the County's bonded indebtedness is \$4,300,000 of which 24.634% or \$1,059,262 is the City's proportionate share. The City's share of this debt is amortized through annual assessments by the County.

4. Pension Plan

The City participates in the New Hampshire retirement system which covers all full-time permanent City and school employees. The system requires that both employees and the City contribute to the plan and provides retirement, disability and death benefits. Employees are

4. Pension Plan (cont.)

eligible for normal retirement upon attaining age sixty and early retirement after reaching age fifty-five provided they have accumulated ten years of creditable service. The City's contribution for 1979 is \$132,274.

As of June 30, 1979, the unfunded accrued liability approximated \$16,866 and is being amortized over a remaining period of nine years.

5. Legal Violation

Chapter IV, section 9, of the City Ordinance forbids any appropriation to be overexpended until the City Council stipulates the means for financing the overexpenditure. Several of the City's appropriations were overexpended in 1979 without Council providing the means for financing the overexpenditures.

6. Prior Period Adjustment/Reclassification

General Fund:

Reclassification

In a prior year, \$30,000 was improperly classified as a general fund expenditure. In 1979, a transfer was made between the capital projects fund fund balance and the general fund fund balance to correct this error.

Capital Projects Fund:

Restatement

The method of accounting for grant revenues has been revised in 1979 to comply with Statement 2 which has been issued by the National Council on Governmental Accounting. The effect of the change, applied retroactively, was to increase the capital projects fund, fund balance by \$15,149 at the beginning of the period.

Water Fund:

Restatement

In 1979, it was determined that the proceeds of a note received from HUD in a prior period had been added to retained earnings instead of being recorded as a liability.

6. Prior Period Adjustment/Reclassification (cont.)

The beginning balance in water fund retained earnings has been restated by \$19,494 to properly record the note as a liability.

7. Property, Plant and Equipment

A summary of the water fund's property, plant and equipment follows:

	Balance January 1, 1978	Additions	Balance December 1979
Structures and land	\$ 104,908	-	104,908
House services	328,598	13,083	341,681
Mains	2,000,869	2,272	2,003,141
Equipment	612,101	2,893	614,994
	<u>3,046,476</u>	<u>18,248</u>	<u>3,064,724</u>
Less accumulated depreciation	<u>1,173,688</u>		<u>1,220,032</u>
	<u>\$1,872,788</u>		<u>1,844,692</u>

8. Trust Fund Investments

Trust fund investments are carried at cost. The market value of these investments at December 31, 1979 is \$277,732.

9. Due from Other Governmental Units

These amounts represent unclaimed portions of capital construction grants committed by various Federal and state agencies. The amount has been accrued to the extent that actual expenditures exceed reimbursement.

The grant programs are subject to financial and compliance audits by the grantors or their representatives. Audits of the programs have not been completed. Accordingly, the City's compliance with applicable requirements will be established at a future date.

10. Fund Balance Designated for Subsequent Years Expenditures-General Fund

The designated fund balance of the general fund consists of

10. Fund Balance Designated for Subsequent Years

Expenditures-General Fund (cont.)

the following:

School repairs and equipment	\$20,385
Pumping station	1,240
Copy machine	220
Computer	21,831
School humidifier and camera	1,379
Welfare-delinquent children	2,512
Fire alarm	9,499
Audit	19,500
Traffic lights	(146)
	<u>\$76,420</u>

11. Continuation as a Going Concern

The City is experiencing a liquidity problem and a deterioration of cash flow from operations as evidenced by an undesignated fund deficit in the General Fund of \$880,354.

Various options are being considered by the City to alleviate the liquidity problem including, but not limited to, the re-financing of certain debt obligations due in the next fiscal period and obtaining additional long-term financing.

12. General Fixed Assets

The City does not maintain a record of its general fixed assets as required by Generally Accepted Accounting Principles applicable to governmental units. Expenditures for property and equipment are charged against the departmental operations whenever such items are purchased.

13. Contingent Liabilities

There are several pending lawsuits in which the City is involved. The potential maximum exposure to the City is estimated to be \$185,000. Council will determine financing sources, if necessary, at a future date.

Schedule

CITY OF ROCHESTER, NEW HAMPSHIRE
Assessed Valuation, Commitment and Collections
Year ended December 31, 1979

	<u>Valuation</u>	<u>Tax rate (dollar per thousand)</u>	<u>Commitment</u>
Real property	\$99,456,902	52.3	5,201,596
Supplemental taxes			<u>34,863</u>
			<u>5,236,459</u>
Less:			
Cash collections			4,202,542
1979 taxes abated			<u>29,596</u>
			<u>4,232,138</u>
1979 taxes uncollected at December 31, 1979			<u><u>\$1,004,321</u></u>

CITY OF ROCHESTER, NEW HAMPSHIRE
Management Letter
March 17, 1980
(Administration of Mayor John Shaw)

To the Mayor and City Council
City of Rochester, New Hampshire:

We have examined the financial statements of the City of Rochester, New Hampshire for the year ended December 31, 1979 and have issued our report thereon dated March 17, 1980.

As a part of our examination, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist us in planning and performing our examination of the financial statements.

Our examination of the financial statements made in accordance with generally accepted auditing standards, including the study and evaluation of the City's system of internal accounting control for the year ended December 31, 1979, that was made for the purposes set forth in the paragraph above, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Such study and evaluation revealed the following conditions that we believe deserve your attention.

Significant Weaknesses

In our opinion, the following situations are significant weaknesses in the system of internal controls which should be acted upon as soon as possible.

Going Concern Problem

In the accountant's report issued with the City's financial statements for the year ended December 31, 1979, we noted

that the City's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow from operations to finance current operations. We would like to emphasize that this is a critical time for the City and that actions taken now will have a significant impact on the City's financial position for years to come. Thus, it is important that the Council, the Mayor, Staff and Citizens of Rochester work together to resolve the City's financial problems. Such an effort will demonstrate to the financial community that the City recognizes its problem and that it intends to correct them.

A summary of the more significant causes of the financial problems encountered by the City follows. Many of the points raised are elaborated upon in other sections of the letter.

1. Budgeting

Based upon a review of the results of operations as compared to budgeted amounts as well as a comparison of the 1979 budget to the 1978 results of operations, it appears that the budget was unrealistically low. The effect of such an underestimate is that the City does not generate sufficient funds through taxes to pay for the services rendered to its citizens. Thus, the City is forced to seek other financing sources which, of course, must ultimately be paid back through the tax levy. In effect, the City's current operations are financed with borrowings from future periods.

2. Financing

Improper financing can have a significant impact upon a community's liquidity as will be experienced by the City in future periods. Rochester's problems in this area can be summarized as follows:

- a. Financing capital expenditures over too short or long a period of time or with little or no annual principal payments.

Capital expenditures should be financed over the expected useful life of the asset purchased and amortized annually as the citizens of the community receive benefit from the asset.

Rochester is currently in the position that large sums of money are required to make large payments on maturing

debt which should have been financed and amortized over a longer period of time. In addition, the City is still making payments on debt for which assets are no longer in use.

b. Financing current operations with long-term debt.

The City had been warned by the state not to finance current operations with long-term debt, however, the practice continued. Due to the accounting treatment for long-term debt the effect of such a practice on the financial position of the City is not immediately apparent. The annual payments to amortize the debt begin to pyramid, however, and consume a larger portion of the City's budget as time passes. In effect, the City is being run with borrowed funds which must be paid back in the future. Citizens are taking advantage of services which they are not currently paying for.

Several alternatives are being considered by the City and its financial consultant. The alternatives fall into two basic categories:

1. Obtaining financing to eliminate the current liquidity problem and enabling the City to amortize the costs over future periods.
2. Raising sufficient taxes to eliminate the liquidity problem.

In developing an accurate budget for the coming period, taxes will have to be increased significantly should the citizens of Rochester decide to maintain the same level of services received in 1979. Thus, the second alternative might be out of the question due to the citizens' inability to accept the increased tax burden.

Thus, the City appears to be faced with obtaining financing to eliminate its financial problems. In order to obtain this financing, the City will be asked by the bank to provide them with its plans for eliminating and preventing financial difficulties in the future.

General Fund Deficit

The City ended 1979 with a significant deficit in the general fund. This deficit was due to expenditures exceeding appropriated

balances by a significant amount. In reviewing the various expense accounts, it appeared to us that the budgeted amounts in some categories was lower than might be expected. We noted that the budgeted amounts in some categories were lower than last year's actual expenditures within the category even though inflation could be expected to increase the costs and a reduction in services to make up the difference would not likely be possible. In addition, we noted that certain expenditures (such as pay raises) were not considered in formulating the budget but were charged to fund balance when granted. We believe that pay raises can be anticipated each year and that the City should be able to reasonably estimate and provide for raises in the budget. Obviously, there will always be unexpected expenditures arising during the year, thus we recommend that an adequate amount be appropriated to a contingency account to absorb such items.

The development of a reasonably accurate budget will ensure that the City is collecting adequate taxes to finance its current operations and will eliminate the requirement to borrow money to finance some of these expenditures. Borrowing funds to pay current operations will necessitate that taxpayers in future periods pay for services rendered by the City in the past. In effect, the tax rate during the year of service is unduly low and the citizens of the City are being provided services for which future taxpayers will be asked to pay.

Cash Flow

In developing the City's budget, cash flow must be considered. A balanced budget on the seeming availability of fund balance to finance expenditures does not mean that there will be adequate cash on hand to pay bills when they are due.

The City's cash position, both current and projected, has been significantly weakened during 1979. The main reasons for this weakening follow:

1. Excessive utilization of the undesignated fund balance both to reduce the tax commitment in the annual budget and to finance current operating expenses. It should be noted that the fund balance does not represent cash with which expenditures can be paid, but merely the excess of assets over liabilities. To the extent that fund balance is offset noncash assets, it cannot be used to finance expenditures. Such a use would result in inadequate cash on hand to pay bills.

2. Expenditures in 1979 were well in excess of revenues and fund balance, thus for a portion of the year, the City was deficit spending. During this period, liabilities were incurred which will affect the City's cash position in future periods.
3. The City's practice of funding current operations in 1979 and in prior years with debt will begin to have an impact on the City's cash position and tax rate in 1980 as banks hesitate to refinance such debt. In order to pay off notes falling due, the City will be forced to begin collecting from taxpayers for services rendered in prior years. In addition, the City will be forced to seek funds with which to pay accounts payable which accumulated during 1979.

Specific observations regarding the City's budgetary process are outlined later in this letter.

Cash Receipts

Cash receipts are not necessarily deposited daily. The daily deposit of cash receipts keeps the amount of cash on hand at a minimum and reduces the risk of loss from burglary. Moreover, there is less opportunity for misappropriation of funds for short periods of time and reduced flexibility in concealing such "borrowing" by substitution of later receipts. Investment income could also be maximized.

Purchasing

We would like to recommend the following regarding the purchasing system:

- . The City does not use a receiving report, nor is receipt of goods or services noted on invoice. In order to be assured that all invoices represent purchases for municipal purposes and that goods and services have been received, we recommend that a receiving report be used to record the receipt of all goods and services. Receiving reports should be attached to the vendor's invoice before it is approved for payment.
- . Upon approval by the purchasing committee, all copies of purchase orders are returned to the originating department. We

recommend that one copy of the purchase order be transmitted to the accounting department to be subsequently compared to the invoice. This procedure will ensure the propriety of the goods received or services rendered and that the amount charged is as agreed.

- . Invoices received in the mail are initially transmitted to the department heads. To establish control over the invoices and to maintain an adequate record of accounts payable, we recommend that all vendors' invoices be encumbered by the accounting department. This would additionally decrease the time involved in processing invoices and could enable the city to take advantage of purchase discounts lost because of the time lag involved.
- . Invoices should not be paid unless there is a purchase order approving the amount to be disbursed. This would provide assurance that disbursements are made for municipal purposes and that duplicate invoices are not being paid.

After disbursement checks are signed by the Mayor and Business Administrator, the checks are returned to the accounting department for mailing. We recommend that the checks be returned to an individual who is independent of the cash disbursement function for mailing to reduce the risk of misappropriation of funds.

Payroll Procedures

In connection with our examination of payroll procedures, we noted the following for your consideration:

- . Department heads approve payrolls, do the hiring, and distribute the paychecks for their respective departments. Such a system can result in a defalcation which can be covered up by the perpetrator. We recommend that the responsibilities of hiring and distributing the payroll be assigned to an employee who is independent of the various departments and the preparation of the payroll. Additionally, the payroll should be approved by a responsible official independent of the payroll function.

- . We recommend that pay rate history records be maintained for each employee which would indicate the approval of any rate changes by designated City officials. This procedure will add assurance that wages being paid are proper and in line with established policies.
- . The maintenance of personnel records is not centralized. We recommend the establishment of a centralized personnel record filing system to accumulate information on employees. In our opinion, such a system would help ensure that such information is not improperly disclosed and that the files are complete in all respects.
- . Although our test procedure did not indicate instances where taxes are being withheld at rates differing from those expected based on information in the W-4s, we continue to recommend that a formal policy be instituted for the City to require all employees to submit new W-4 forms annually and that no changes be made in the payroll system without revised W-4s.
- . The payroll bank account is not being reconciled monthly. We observed that reconciliations had not been prepared for at least ten months. We recommend that payroll bank statements be reconciled monthly by a person independent of the payroll function. By reconciling the bank statement to the book balance and resolving any differences immediately, it can be determined that all costs have been expensed and that the proper amount has been deposited. We also recommend that the payroll distributions report be reconciled to the payroll register on a weekly basis.

Subsidiary Ledgers

The City's accounting system includes many subsidiary ledgers and records that support the general ledger. Several of these were not in agreement with the general ledger at December 31, 1979. We recommend that the following subledgers/records be reconciled to the general ledger on a monthly basis to ensure the propriety of postings:

- . Accounts receivable listing for both the general and water funds - In the case of the water fund, individual ledger cards

should also be reconciled to the control cards. Both listings contain receivables which are five to ten years old. We recommend that these past-due receivables be consider for write-off against the reserve. By removing these accounts from the books, the monthly reconciliation would be facilitated.

- . Accounts payable listings for both the general and water funds - Particular attention should be paid to reconciling the interfund balances.
- . School accounts should be reconciled to records maintained by the Superintendent's office.
- . Water fund fixed asset records.

Overexpenditures

The City ordinance requires identification by the Council of additional financing sources before an appropriation can be overexpended. The City has exceeded appropriated amounts in numerous accounts. Where it appears likely that expenditures will exceed appropriated amounts, the Council should be requested to transfer appropriations from other accounts or to make additional appropriations from fund balances when financially feasible.

Self-insurance

The City has instituted a self-insurance program for medical insurance. The administrator of the program has agreed to send the City monthly statements summarizing monies deposited, benefits paid, and the balance in the bank account. We recommend that information contained in the monthly statement be reconciled monthly to information contained in City's books and to the benefits-paid forms. This would ensure that the administrator has been paying claims only for persons covered by the plan and that the administrator's records and City's records are in agreement.

Other Observations

In addition to the items above, which in our opinion require immediate attention, the following items are noted to highlight

areas which we believe should be reviewed and acted upon by the City in order to:

1. Increase revenues and improve cash flow.
2. Reduce expenditures.
3. Improve management information.
4. Protect assets.
5. Improve operating efficiency.
6. Avoid instances of noncompliance with statutes.

It should be noted that our recommendations are not the sole manner in which desired goals can be reached. It is up to the City to decide which means would be appropriate in achieving goals. Our recommendations are presented mainly to give City officials a starting point from which to proceed.

Increasing Revenues and Improving Cash Flow

Tax Commitment

The City currently bills taxes once a year. This results in significant uncollected taxes at year end. Since tax anticipation notes are due at year end, the City's cash position is strained to meet these obligations. We recommend that the City consider billing taxes in two equal installments during the year. In addition to improving the City's cash flow, the taxpayer should find budgeting for two smaller payments easier. Cash flow would be improved and investment income could be maximized. The semi-annual billing of taxes is now being considered by Council.

Interest on Delinquent Taxes

The City makes a limited effort to collect interest due on delinquent taxes when payment is received through the mail. Formal and effective guidelines should be established to ensure the collection of all interest due the City to maximize interest revenue and to establish impartiality as to when fines will be assessed.

The City is assessing 9% on delinquent taxes. We recommend that the City either lobby the state directly or apply pressure through the Tax Collector's Association to raise the allowable interest charged on delinquent taxes to reflect current economic conditions.

Assessing Property Additions

The City has not been assessing property additions on a timely basis. We noticed several building permits on property which had not been reappraised for as long as five years. We recommend that property additions be appraised as soon as possible to maximize revenues.

Yield Tax Bonds

Yield tax bonds are not set at an adequate amount to cover the City in case the lumber companies do not return to pay the lumber tax. We recommend that yield tax bonds be set at high amounts to discourage lumber companies from avoiding tax liabilities.

Exemptions on Taxes

Partial exemptions on taxes are granted to persons 65 and over. This exemption is based only on information contained in the application for exemption; no proof of birth date is required. Because requiring verification of birth date is prohibited by state law, there exists a possibility that unqualified persons are receiving credits. Thus, the burden of tax payments made by other taxpayers is increased. We recommend that the City attempt to change existing regulations to enable it to request proof of birth date from a taxpayer requesting a credit. In our opinion, any taxpayer willing to accept the credit will be willing to document eligibility for it.

Financing Capital Projects

The City has not properly financed capital projects in some instances. Because of this, notes often mature in a given year with no periodic payments made in other years. In addition, the term of the financing agreement is often too short considering the project being worked upon. This causes a strain on financial resources to meet the large payments due in one year. We recommend that capital projects be financed so that principal and interest payments are spread over a period approximating the useful life of the projects.

We understand that the City has procured the services of a financial advisor to help in making financial decisions.

Auto Permit Fees

The City has not been properly assessing excise taxes related to new model year cars. When a new car is registered prior to issuance of the automobile registration book, valuations are obtained by contacting respective automobile dealers. We noted several instances where the valuation contained in the automobile registration book was greater than the valuation assessed to the car owner. We recommend that a list be maintained of car owners whose automobile valuation was not based on the valuation given in the automobile registration book. When the book is received, these car owners should be assessed additional taxes or given a rebate for overassessments as appropriate. Additional assessments not paid by taxpayers might be collected the following year when the individual attempts to register the vehicle.

Budgeting Procedures

We observed the following weaknesses in the formulation of the budget and in the appropriation and recording of expenditures:

- . In areas involving fixed costs, we observed several instances where budgets were lower than the prior year's actual.
- . Certain expenditures such as pay raises, were not estimated and included in the budget.
- . Some budgetary items were not recorded correctly in the budget. We noted that the amount to be paid on retiring a note had a zero dropped when recorded in the budget schedule. Thus, debt retirement was underbudgeted.

We recommend that all department and fixed cost budgets be reviewed by someone independent of the departments for reasonableness. Budget amounts should be compared to prior year expenditures and revenues to determine the reasonableness of amounts budgeted. An amount should be included in the budget to fund anticipated pay increases.

- . The City budgets certain fixed costs and noncontrollable costs in the various departmental budgets. We recommend that only those costs which are controllable at the department level be allocated to that department. Costs such as debt retirement

and interest, social security and retirement, and workmen's compensation should be appropriated as general administrative expenditures. This would provide a more meaningful budget for department heads as they would be held accountable only for costs which they control. In addition, book-keeping would be simplified since expenditures would not have to be allocated to the various departments. School expenditures should continue to be allocated to that department.

The City appropriated a substantial amount from fund balance as well as charging current expenditures to fund balance. We recommend that the practice of charging expenditures to fund balance be discontinued and that fund balance be appropriated only when it is sufficient to ensure that adequate cash is available to finance the expenditures. Current expenditures should be charged against the appropriations or special appropriations to which they relate.

The Council appropriated money for expenditures but did not specify how the expenditures would be financed. Since specification of the funding source is required in the City charter and since the procedure is fiscally an appropriate one, we recommend that the provision be followed.

The overlay for the past few years has been set at a rate considerably lower than the balance of taxes abated during the period. State law allows an overlay for up to five percent of the tax commitment. We recommend that overlay be increased to provide for potentially uncollectable taxes or that an amount be appropriated which would realistically estimate anticipated abatements.

Trust Fund Income

The trust fund trustees should periodically review the trust fund portfolio to be certain that the return on investments is maximized. We noted that a significant amount of money is being retained in the income investment account. This balance should be invested in higher yield securities when possible.

Water Fund Revenues

The following opportunities to increase water fund revenues or

improve cash flow are offered for your consideration:

- . Our review revealed that a substantial portion of the water fund's accounts receivable were long overdue. In fact, several accounts were identified as not having any payments made for several years. We found the City's collection procedures in this area to be minimal. We recommend that the City develop formal guidelines for effective collection of water bills which might include liening the property services. Such guidelines will improve cash flow, reduce receivable carrying costs, and will demonstrate that the City intends to collect all bills.
- . Billing rates should be reviewed periodically to determine whether the fee structure is sufficient to cover costs and capital needs.
- . We noted instances where bills are being sent out two to three months after the billing date. We recommend that bills be sent out as soon after the billing date as possible to improve cash flow and increase investment potential or minimize the need to borrow.
- . There are several water customers who are assessed a flat fee. Considering that many of these fees were established several years ago, the City should investigate the feasibility of installing water meters on these properties. If this is not practical, fees should be reviewed to determine whether they are adequate in light of expected consumption at the properties.
- . The City estimates billings when access cannot be gained to meters. To ensure that the proper fee is being charged, we recommend that the period for which a customer's bill can be estimated be limited to one year, with a reading required after this period.
- . The City has not been replacing faulty meters with the recently acquired meters on a timely basis. Replacing the faulty meters would increase water fund revenues and decrease carrying costs of inventory.
- . It was noted that interest assessed on delinquent water accounts receivable is sometimes written off before any collection procedures are applied. Once again, to ensure impartiality

in assessing the fine, we recommend establishing formal guidelines for effective collection of the interest charge. Such a procedure should also accelerate collection of accounts receivable.

Reducing Expenses

Obsolete Water Fund Inventory

The City should identify and dispose of its obsolete water fund inventory. Benefits will include reducing the carrying costs of the inventory and a generation of miscellaneous revenues to be used by the fund to update its inventory.

Improving Management Information

Monthly Reports of Financial Operations

The City prepares monthly statements of budgeted expenditures on a cash basis. Because monthly reporting of financial operations provides management with the information necessary to assess actual performance in relation to planned operations and to take corrective action on a timely basis, care should be taken in compiling information for the statement.

Accounts receivable and accounts payable should be accrued as appropriate. The monthly report should include year-to-date revenues, expenditures and encumbrances with comparisons to budget and should be issued to the Mayor, Council, department and program heads.

Water Fund Inventory Valuation

We would like to note the following as regards the water fund inventory:

- . To properly reflect income from one period to the next, it is essential to consistently value inventory on the same basis.
- . Physical inventory counts should be performed at year end to identify quantities on hand at the close of the accounting period to ensure that all inventories are accounted for and to ensure that obsolete items are not valued.

Costing of Fixed Asset Additions—Water Fund

A majority of the fixed asset additions in the water fund require the costing of labor and services performed. It appears that the cost of these items is being underestimated. We recommend the City undertake an analysis of the various services performed to determine proper costing rates. In doing so, special attention should be paid to properly identifying indirect costs such as the cost of machinery and equipment used, costs of operating the equipment and employee benefits paid for laborers which would not be included in the pay rate.

Protection of Assets

Fixed Asset Record and Controls

Sound financial administration in safeguarding the City's investment in fixed assets is of utmost importance in the exercise of stewardship responsibilities. These responsibilities can be effectively discharged only through adequate fixed assets accounting.

By maintaining fixed assets records, the City's will realize several benefits:

- . Fixed assets can be inventoried periodically to ensure that they are properly controlled.
- . Responsibility for custody and effective use of fixed assets can be clearly established.
- . Records will be readily available to substantiate the amount of grants used to finance expenditures for fixed assets. Furthermore, the determination of costs for building or equipment use is facilitated. The latter is important to obtain reimbursement for the use of buildings and equipment in Federal and state aid programs.
- . Information is readily available both to determine insurance needs and to substantiate losses recoverable from insurance.
- . Information is available for the preparation of a Statement of General Fixed Assets.

Establishing fixed assets records when none existed before can be a difficult and time consuming task. One approach is to:

1. Define clearly what constitutes the fixed assets categories (e.g., land, buildings, improvements other than buildings, equipment); a fixed asset (i.e., minimum dollar value and useful life); and the location "control" areas.
2. Plan and perform a complete inventory of all fixed assets. In creating the inventory records, obtain as much of the information to be included in the individual assets records as is possible, e.g., asset description, location, vendor or manufacturer, acquisition date. Fixed assets identification tags should be affixed at the time the physical inventory is taken.
3. Assign values to each fixed asset according to accepted principles. More specifically, the AICPA Industry Audit Guide, "Audits of State and Local Governmental Units", sets forth the basis for valuing fixed assets of a governmental unit: "Such assets should be recorded at historical cost, or estimated historical cost, if the original cost is not available, or, in the case of gifts or contributions, at the fair market value at the time received."

Several procedures can be used to determine the valuation.

- . Reference to the historical records, such as vendors' invoices, contracts, purchase orders, capital expenditure authorizations, cancelled checks, gift acknowledgements, or other documents on hand.
- . Correspondence with vendors, donors, etc.
- . Use of an asset valuation reasonably reflective of historical value, provided it is reliable, if historical or fair market value is not available.
- . Historical cost as reasonably estimated by employees for small items of relatively low value, e.g., tools, office furniture, and equipment.
- . Reliance on independent outside appraisals for assets which

cannot be valued by one of the above methods or some other reasonable method. It is important to emphasize, however, that the appraisal should be based upon estimated historical cost, not on replacement cost or some other basis.

Evaluation of fixed assets in the above manner will enable the City to establish reasonably accurate initial fixed asset values.

Once initial records are established, the City will want to concurrently implement the kinds of controls and procedures enabling it to maintain control over the fixed assets. These procedures should include:

- . Control over the proper input into the records for all fixed asset additions, sales, abandonments and transfers.
- . Periodic reconciliation of detail ledgers to the general ledger.
- . Periodic inventory of fixed assets by location.
- . Verification that any asset traded in for a new acquisition is properly removed from the records.

Controls Over Data Processing Area

Access to hardware is not restricted during daytime. We recommend that access to data processing facilities be restricted to authorized persons in order to adequately protect the hardware programs and files.

Disks are not being properly safeguarded at night. Although the disks are being placed in a fireproof safe, we observed on several occasions that the safe was not being locked at night. We recommend that disks be adequately safeguarded in order to protect information contained on them.

Improving Operations

Accounting Procedures Manual

The City should consider developing an accounting procedures manual. Such a manual can be used to set forth job descriptions and lines of authority and supervision for all departments as well

as report formats, account codes and descriptions, and similar descriptive materials. The benefits of the manual include providing documentation in one location on the entire financial operations of the government, thereby facilitating an understanding of those operations by all members of management and providing detailed guidance to all personnel involved in financial activities. The training of new personnel would also be facilitated.

Bank Reconciliations

Miscellaneous bank reconciling items are accumulated throughout the year and are adjusted at year end. To reduce the time involved in preparing the monthly bank reconciliations, we recommend that reconciling items be adjusted for when they are identified.

Personnel

The City should investigate the feasibility of hiring a personnel director whose responsibilities would include hiring, maintaining complete and current personnel records and negotiating Union contracts. The benefits to the City would include providing professional expertise in hiring and negotiating contracts and would eliminate duplicate efforts by the various departments.

Water Fund Accounts

The water fund currently has its own set of books which are separate from the City's. Time could be saved if water fund transactions were recorded in the City's books in designated water fund accounts. In addition, the water fund bank accounts could be combined with the City's bank accounts. This would reduce the number of reconciliations to be performed and would maximize investment opportunities.

Payroll

The time spent in payroll preparation could be reduced by placing the payroll on a biweekly basis. This would free employees to work in other areas and would reduce operating costs.

Compliance with Statutes

Expense Allowances

It is the City's practice to charge Mayor and Council expense items to fund balance (revenue surplus). Since these are normal and recurring expenses, an annual appropriation should be made and the actual expense recorded in the appropriation ledger.

Prior Year Comments

Since the issuance of our management letter based upon our findings during the examination of the City's financial statements for the year ended December 31, 1978, our comments have been discussed and the following actions taken which we believe will improve the City's fiscal condition.

1. The City is making an attempt to collect all funds owed to it and to improve collection procedures to prevent accounts from remaining past due for extended periods of time.
2. The City has changed to a June 30 fiscal year and will begin collecting taxes semiannually. Thus, cash flow should be improved.

* * * * *

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors.

Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with the procedures may deteriorate.

The foregoing conditions were considered in determining the nature, timing and extent of audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated March 17, 1980 on such financial statements.

It should be noted that this letter, by its nature, is critical in that it contains only our comments and recommendations on deficiencies observed in the course of our examination. It does not include our observations on any strong features of the City's system of internal control that were observed.

* * * * *

We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the officials and employees of the City during the course of our examination.

Very truly yours,
PEAT, MARWICK, MITCHELL & CO.

